

CALIFORNIA

MAINE

NEW HAMPSHIRE

VERMONT

MASSACHUSETTS

RHODE ISLAND

CONNECTICUT

NEW YORK

NEW JERSEY

PENNSYLVANIA

DELAWARE

OKLAHOMA

MARYLAND

WYOMING

VIRGINIA

MONTANA

WEST VIRGINIA

ARIZONA

N. CAROLINA

IDaho

S. CAROLINA

NEW MEXICO

GEORGIA

WYOMING

ARKANSAS

NEBRASKA

OHIO

COLORADO

FLORIDA

UTAH

ALABAMA

NEVADA

MISSISSIPPI

WASHINGTON

LOUISIANA

NEBRASKA

TEXAS

MINNESOTA

WISCONSIN

MICHIGAN

ILLINOIS

INDIANA

KENTUCKY

TENNESSEE

MISSOURI

ARKANSAS

LOUISIANA

MISSISSIPPI

VOL. V. NO. 2

FEBRUARY, 1917

THE NATION'S BUSINESS

AMERICAN BUSINESS
A NEW WORLD POWER

TWENTY-FIVE
CENTS A COPY

TWO DOLLARS
A YEAR

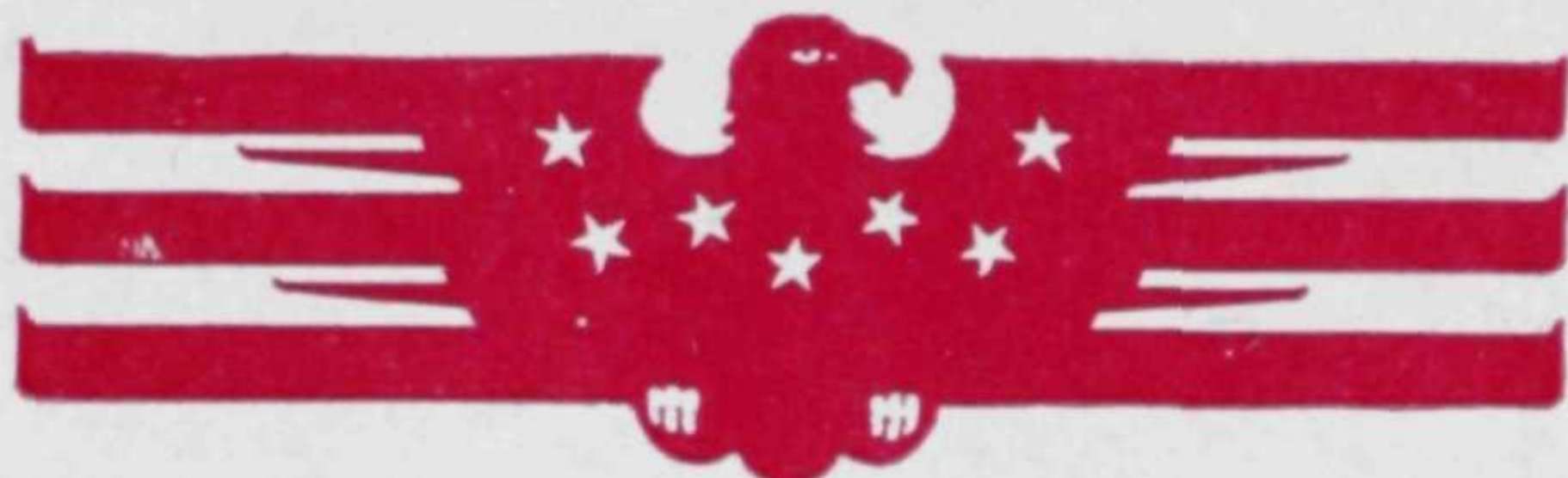
How That Eagle Does Grow!

Fed on patriotic motives of making American business a world-power as well as better understood at home, it just couldn't help but grow



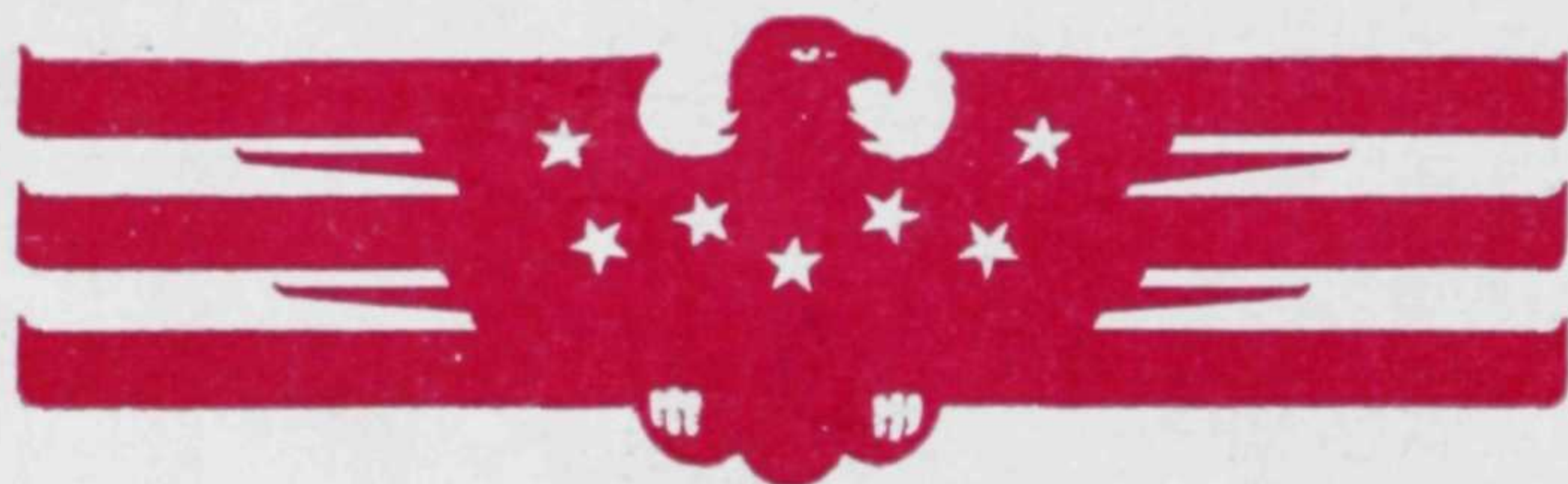
ONE-YEAR-OLD

April, 1913, saw the Chamber of Commerce of the United States of America composed of 326 organizations in 43 states with no individual members.



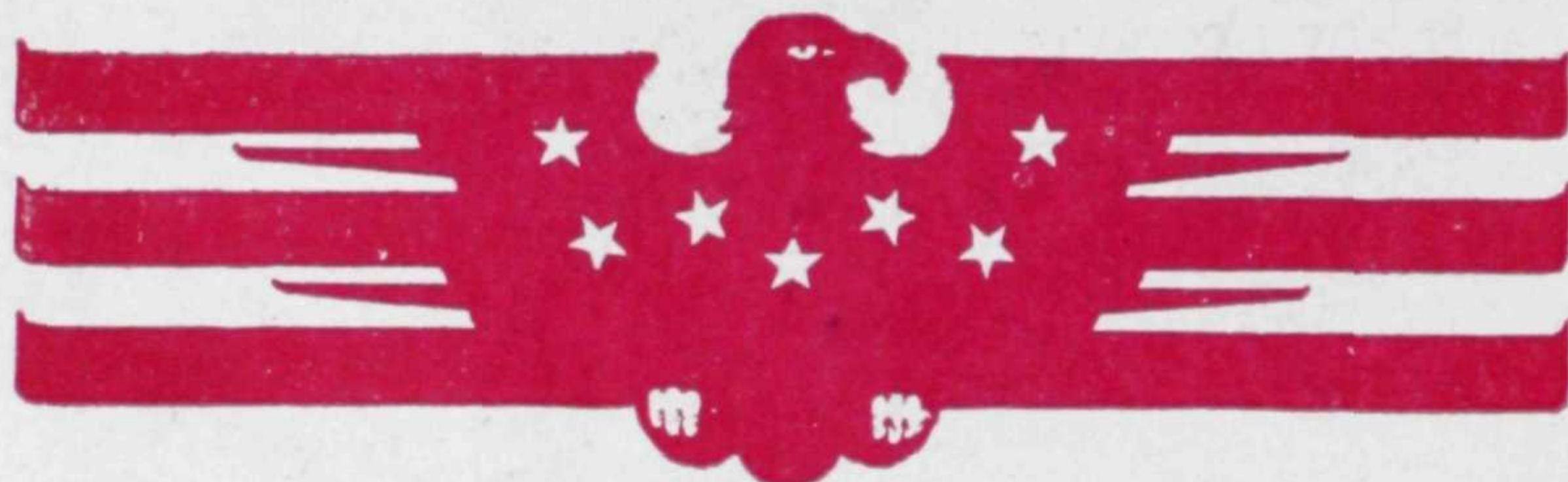
TWO-YEAR-OLD

One year later, April, 1914, there were 549 organizations in 47 states with 1954 individual members.



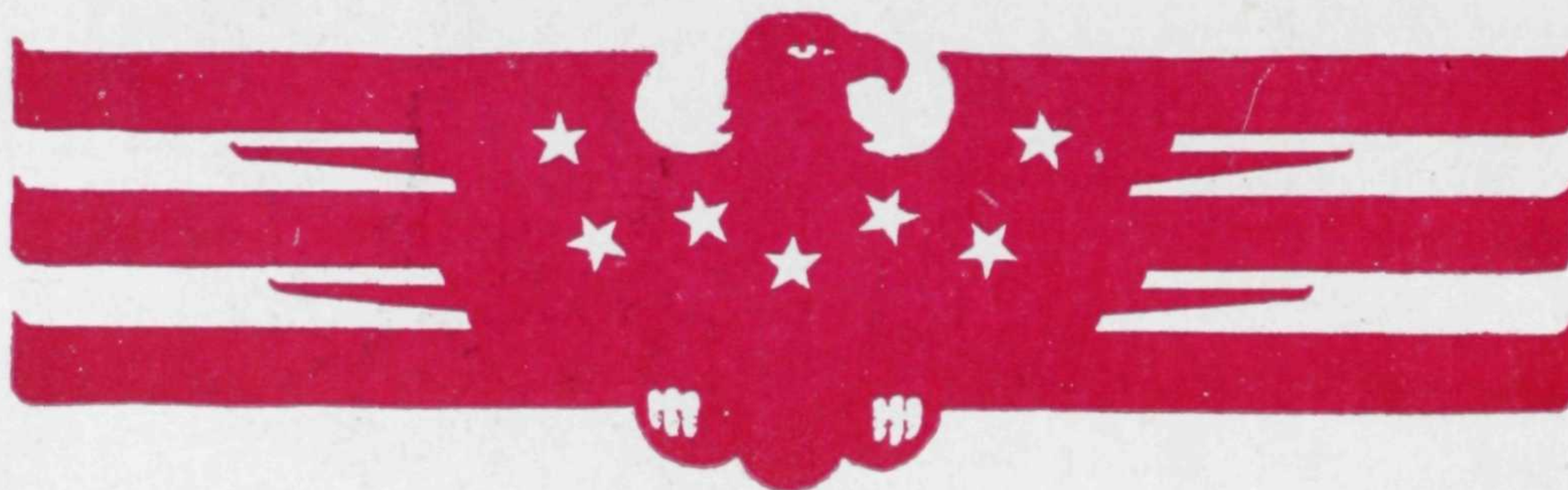
THREE-YEAR-OLD

In April, 1915, these had grown into 646 organizations in 47 states, with 2724 individual members.



FOUR-YEAR-OLD

Another year, and April, 1916, saw the National Chamber with 847 organizations in 48 states and 3490 individual members.



FIVE-YEAR-OLD

Nine months later — January, 1917 — the Chamber of Commerce of the United States was composed of 870 organizations in 48

states, and in our insular possessions, the American Chambers of Commerce in Paris, Berlin, Milan, Naples, Constantinople, Shanghai, Rio de Janeiro and Buenos Aires; 5,000 individual members, the limit provided by the By-laws, with 300 on the waiting list—in all an underlying membership of 383,658.

AND THE LUSTY FIVE-YEAR-OLD IS STILL GROWING!

Editorial Announcement

BEGINNING with this number of THE NATION'S BUSINESS Mr. Archer Wall Douglas, of St. Louis—an authority upon business conditions and a well known writer upon commercial, financial and agricultural subjects—will contribute a monthly survey of the business of the nation.

This monthly article upon current business conditions with its graphic chart has a direct message for every American business man at a time when our domestic business in merchandise—in everything from enormous hydro-electric plants to toothpicks—reaches a value beyond 70 billion dollars a year, every manufacturer, every merchant, every railroad or steamship man who plots his business course *with intelligence* wants to have before him at a glance a faithful presentation of actual business conditions in every part of the country. He wants to know the conditions of the crops, the state of the mining industry, the situation of each kind of manufacture, the volume of retail trade and he demands this information for every section.

These needs Mr. Douglas meets with fresh and authoritative data gathered from every part of the country by a corps of 600 trained, competent observers who have for 25 years been watching and recording the progress of industry in every form throughout the United States. Mr. Douglas adds to these reports a first-hand knowledge of every section of the country. He is thus enabled to interpret more exactly the varying conditions on different localities and to judge the trend of thought among the people. His map has all the convenience of a thumb nail sketch to be kept at hand at every hour of every business day and all the advantages of a detailed statement that of itself would fill this magazine. At the same time, his comments bring out succinctly all the new and significant business developments of the last thirty days.

For this new feature of THE NATION'S BUSINESS there is no substitute. It is unique alike in its presentation and in its reliability.



LEADING ARTICLES IN THIS ISSUE

American Business a New World Power, If—	<i>Editorial</i>	3
Getting Peace Plants Ready for War Products	HOWARD E. COFFIN	5
To Checkmate Europe's War-Begotten Efficiency	A. W. SHAW	9
If Alien Guns Should Thunder at Our Gates	BASCOM LITTLE	13
Monthly Survey of The Nation's Business	A. W. DOUGLAS	16
"From Battle and Murder, and From Sudden Death"	WILLIAM H. TAFT	18
Our Referee Body Approaches its Second Birthday	HARRY A. WHEELER	21
A Peg on Which to Hang Industrial Efficiency	HOWELL CHENEY	24
Old Sol Does The Job Better Than The Incandescent	ROBERT GARLAND	26
Reading Maketh the Full Man	RICHARD H. WALDO	28
International Arbitration Reports a Victory	OWEN D. YOUNG	30
The New Spirit in Business	BRISTOW ADAMS	33
Faces: A Photographic Study		36
A Hotel With 150,000 Landlords	J. W. BECKMAN	38
Some Cold Truths About That Shipping Boom	WILLIAM H. DOUGLAS	39
Young America and His Place in the Commercial Sun	WALLACE D. SIMMONS	42
The Goal		45
Who, Then, Shall Run Our Railroads?	WALKER D. HINES	49
In the Laboratory of Citizenship	FRANK TRUMBULL	52
And During the Argument, the Thing Happened	WILLIAM C. REDFIELD	56
A Problem Without an Answer	HARRY A. WHEELER	59
Our Interest in Argentina's New Tax		63
Commerce in The Month's News		64

Men Wanted!
Honk! Honk! The Horn's in Trouble.
Hailing The Reserve Act Into Court.
South Africa Flirts With Our Trade.
Europe's Back-Breaking War Debt.
A Militant Foreign Exchange.
The Tax Man The Killjoy of Profiteering.
Still Some Trusts to Bust.
Frailties of American Packing.
High Prices Now Have A Silver Lining.
Neutrality Comes High But We Must
Have It.

There Is Money in Literature, For Uncle
Sam.
A Sable Fur For \$3.00—in Kamchatka.
Swapping I. O. U.'s Instead of Gold.
Late Election News.
Our Wheat Shortage a Surplus.
New Entries in Our Foreign Account.
Industrial Fairs the Thing.
Blue Sky no Longer an Asset.
No Wonder "Able-Bodied" Seaman!
France Renews Moratorium.
Another War-time "Controller".

Eggs Improve With Age—in China.

The Moment in Congress	68
Nationalism, The New Note of Business	70
Where the Business Man Stands	71

The Nation's Business

VOLUME 5, NUMBER 2

A Magazine for



Business Men

WASHINGTON, FEB., 1917

AMERICAN BUSINESS A NEW WORLD POWER, IF—

CONDITIONS in foreign trade daily become more adverse to American exporters, who have to deal singly with customers in combination. The combinations increase and even develop into governmental institutions. To be sure, the value of our exports has exceeded all records, of ourselves and everybody else, going to \$5,481,000,000 in 1916. Quantities, too, have risen, but their increase has been enlarged in our statistics of values by a world-wide rise in prices. The variety of our exports likewise has grown; a statement of the 438 different articles exported through New York on January 24, and enumeration of the countries to which they went, filled seventeen sheets of foolscap paper.

Such a volume of export business as we have had in 1915 and 1916—business which was not so much sought by us as demanded of us—has affected our whole industrial and commercial position. In three years the part of our exports represented by raw materials for manufacture has decreased from 23 per cent to 12; on the other hand, the portion consisting of completely manufactured articles has risen from 31 per cent to 49. Besides, our international trade has greatly changed our financial position, placing us in a situation which can be readjusted gradually and without detriment to ourselves and our internal commerce only if our exporters can maintain themselves in foreign markets in the months and years that will follow peace in Europe.

Our exporters fear to work together, however. Rightly or wrongly, they believe that if they cooperate they will fall afoul of the Sherman Act. At this juncture the Federal Trade Commission has recommended permissive legislation to Congress, supporting its statements with a volume of facts about conditions of competition in foreign markets. An appropriate bill passed the House by an overwhelming majority in the late summer, but it is making haste very slowly in the Senate and the end of the Congress draws near apace.

Enactment of this measure will mean no departure from principles Congress has already adopted. When it passed the Clayton Act of 1914, it prevented the new prohibitions from applying to transactions in export trade. Last September it not only permitted national banks to cooperate in conducting banking operations abroad but it allowed steamship lines to go much further—even to the point of controlling competition and pooling earnings and business, under supervision of the Shipping Board.

But both banks and steamship lines are means to an end—trade in merchandise. Unless cooperation among exporters of goods becomes possible, cooperation among banks and steamship lines may be futile.

In a number of ways the governments of belligerent countries will have a paramount interest in promoting their export trade after the war has ceased. To this trade they will look in large measure for the wealth out of which taxes will come to pay their war debts—interest and principal. These debts now reach an aggregate close to \$60,000,000,000. With debts that already existed in 1914, the obligations of European belligerents now approximate \$90,000,000,000.

The purposes of foreign governments in developing trade through bonuses, and even through compulsory combinations under governmental direction, may be very proper from their point of view, and may indicate enlightened statesmanship, but unless our exporters receive some degree of freedom to cooperate our national interest will suffer severely from foreign governmental policies in trade.

It is elementary that foreign exchange in great degree depends upon the course of trade. Every belligerent has struggled against adverse exchange rates, which in proportion to their disadvantage increase the cost of its foreign purchases.

By way of example, England has sought by governmental regulation to reduce imports. At the same time, after supplying mills making cloth for the army, it has given a preference in distributing wool and labor to mills manufacturing for export.

Exchange in New York is now adverse to Germany in excess of 25 per cent. Germany is already purchasing materials through commissions which distribute to industries. After the war these commissions will seek materials abroad, each purchasing for all users in order to force prices to their lowest point. At the same time, export combinations will cooperatively market manufactured goods in foreign markets. Thus, the value of imports will be forced down and the value of exports pushed upward, with favorable results on exchange.

It is no secret that at governmental direction several Japanese steamship lines discriminate for Japanese goods. At the end of December it was reported authoritatively that the Japanese, through their peculiar ocean-freight facilities, have "nosed" flour from our Pacific Coast out of the Hong Kong market, where we sold flour valued at \$4,500,000 in 1914.

European governments may follow Japanese example. England now commandeers practically the whole of its merchant marine, at fixed rates, and is building 50 cargo steamers for its own operation. Clearly, these vessels will continue under government operation, with rates as low as need be, so long as national interest dictates. Germany will scarcely be slow to follow a similar course.

Freights are not the only difficulty. Steamers on long voyages—New York to China, say—must replenish the coal in their bunkers. In January it was pointed out in London that a neutral steamer on such a voyage, going either by the Suez Canal or the Cape of Good Hope, would not get coal at Algiers, Port Said, Natal, Colombo, or Singapore, so long as supplies were only sufficient for vessels under the British flag.

British industry has been organized for war and brought to a new pitch of efficiency. Construction of zinc smelters is promoted by a substantial remission of taxes. As a controller of all import trade, the government undertakes to use its purchasing power to depress prices in foreign markets, as it did with copper in December. The government has not only a general committee on commercial and industrial policy but a series of special committees devising plans for the advancement of such industries as machine-tool making, textile trades, and electrical manufacture. Scientific research as an aid to industry is being promoted on a large scale, under a new government office.

From other parts of the world come similar views. In Australia the leading grocery houses of Sydney and Newcastle in December formed a company to make co-operative purchases. Clearly, the Australians are taking a leaf out of the book of the British cooperative stores, 1,400 of which buy through one office in New York.

The conditions and prospects which have been cited are merely illustrative of the assaults we may expect at the same time upon our natural resources and upon our foreign markets. To meet these situations American concerns of moderate capital cannot at present engage in cooperative action. They believe that in their export trade as in their domestic business they are under a law which places emphasis upon maintenance of competition among all units. At the same time American exporters face prevention of cooperation they find that their foreign competitors even before the war acted under laws which emphasize freedom of contract and so allow cooperation. Because of American law they have feared to proceed in England, Argentina, and Australia in ways which are perfectly legal under the laws of those countries, and which their competitors freely pursue.

In removing these handicaps from United States exporters there is real national interest. Legislation need only grant express permission for cooperation in export trade. It cannot legalize any act that is contrary to the laws of a foreign country where it is done. Moreover, the law can be so framed as to prevent any restraint or any other retroactive effect upon our domestic trade.

Getting Peace Plants Ready for War Products

As Insurance Against Disaster, A Plan Is Being Mapped Out Whereby Every Industry Will Know Exactly Where To Step Into Line When the Bugles Call Us To Arms

By HOWARD E. COFFIN, of the Naval Consulting Board

ALL of us know something of the motor-car industry. I know that I am safe in making this statement; between the "flivver" and the limousine the entire human race may soon be classified.

There are one hundred automobile manufacturing concerns in this country. There are three hundred manufacturing institutions devoted to lines accessory to this industry. The automobile business is one of the best organized of all our manufacturing activities. And yet, within one week after a declaration of war, under our present conditions, the wheels of this great industry would cease to revolve. Our analysis of the producing equipment of this country shows us that not more than fifteen per cent of these motor vehicle concerns will be continued as such, in event of future war. Our other industries, both great and small, will surely be affected in about the same proportion.

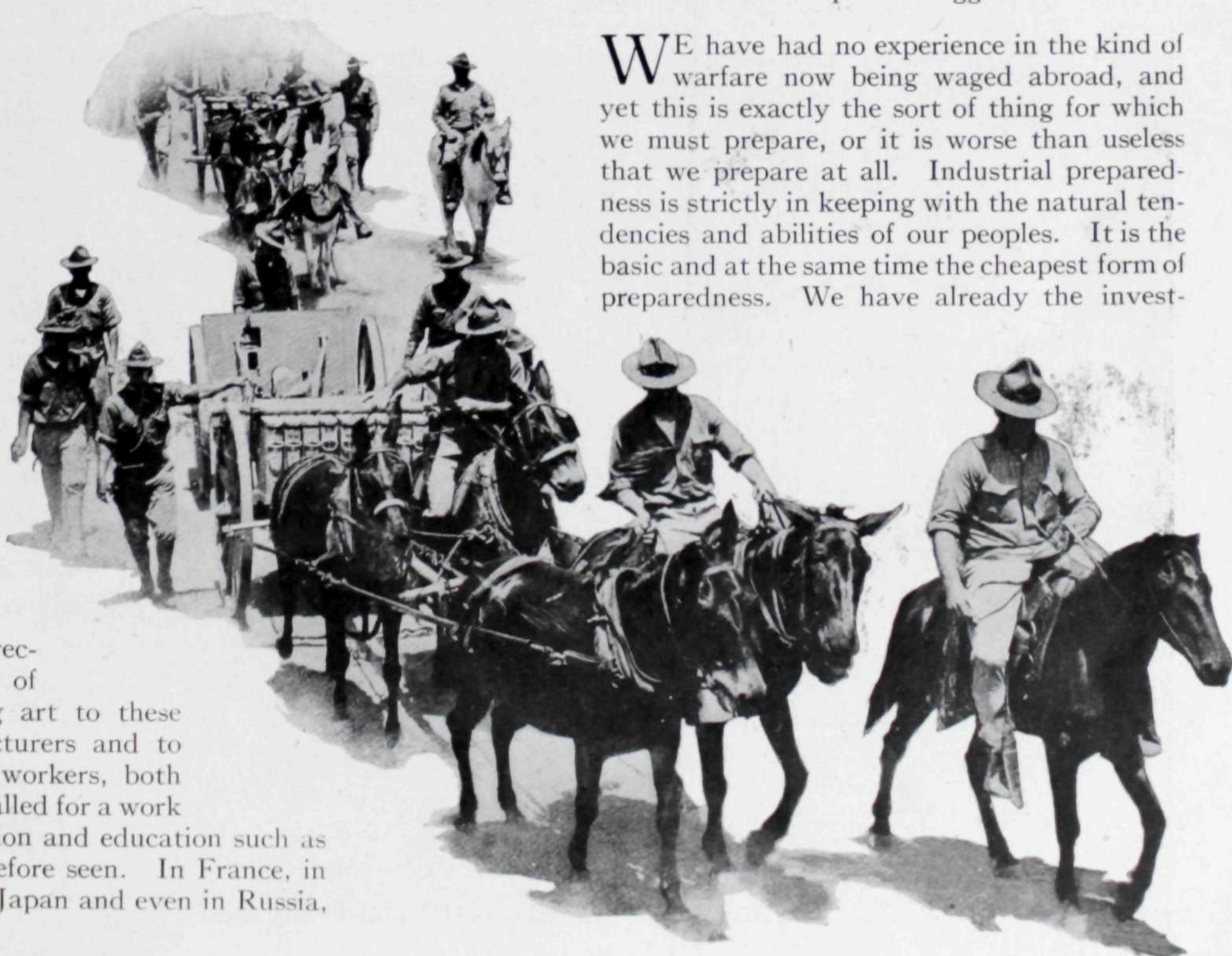
A close observation of the experience in foreign countries has shown us the vital necessity for a peace time pre-arrangement for conversion in all industries. Wars, as now waged, involve every human and material resource of a belligerent nation. Every factory and every man, woman and child is affected. Every sinew of industry of transportation and of finance must be harnessed in the country's service, to the one end, and for the common good. In England two years and a half ago there were three government arsenals. To-day thousands of England's industrial plants are being operated as government factories, for the production of war materials, and many other thousands of plants, still under private control, are centering their energies in this same direction. The teaching of the munitions making art to these thousands of manufacturers and to millions of industrial workers, both men and women, has called for a work in industrial organization and education such as the world has never before seen. In France, in Germany, in Italy, in Japan and even in Russia,

this same education and organization of the industrial forces is going forward.

We have here in the United States vast resources in manufacturing and producing equipment, but they are unorganized and uneducated for the national service. Our observations of the European war have taught us that it is upon organized industry that we must base every plan of military defense. In event of trouble with any one of the several first-class powers, between eighty and ninety per cent of our industrial activity would, of necessity, be centered upon the making of supplies for the government.

We have learned also that from one to two years of time and of conscientious effort are needed to permit any large manufacturing establishment to change over from its usual peace time commercial line to the quantity production of war materials for which it has had no previous training. Delays of this kind in time of emergency cannot but result in closed plants, in the disruption of labor organizations built up over a period of years, in a loss of skilled men through enlistment for the fighting front, in great financial shock and even ruin to manufacturers, and in those same chaotic conditions which wrought near national disasters to several of the countries at the outbreak of the European struggle in 1914.

WE have had no experience in the kind of warfare now being waged abroad, and yet this is exactly the sort of thing for which we must prepare, or it is worse than useless that we prepare at all. Industrial preparedness is strictly in keeping with the natural tendencies and abilities of our peoples. It is the basic and at the same time the cheapest form of preparedness. We have already the invest-



By way of example, England has sought by governmental regulation to reduce imports. At the same time, after supplying mills making cloth for the army, it has given a preference in distributing wool and labor to mills manufacturing for export.

Exchange in New York is now adverse to Germany in excess of 25 per cent. Germany is already purchasing materials through commissions which distribute to industries. After the war these commissions will seek materials abroad, each purchasing for all users in order to force prices to their lowest point. At the same time, export combinations will cooperatively market manufactured goods in foreign markets. Thus, the value of imports will be forced down and the value of exports pushed upward, with favorable results on exchange.

It is no secret that at governmental direction several Japanese steamship lines discriminate for Japanese goods. At the end of December it was reported authoritatively that the Japanese, through their peculiar ocean-freight facilities, have "nosed" flour from our Pacific Coast out of the Hong Kong market, where we sold flour valued at \$4,500,000 in 1914.

European governments may follow Japanese example. England now commandeers practically the whole of its merchant marine, at fixed rates, and is building 50 cargo steamers for its own operation. Clearly, these vessels will continue under government operation, with rates as low as need be, so long as national interest dictates. Germany will scarcely be slow to follow a similar course.

Freights are not the only difficulty. Steamers on long voyages—New York to China, say—must replenish the coal in their bunkers. In January it was pointed out in London that a neutral steamer on such a voyage, going either by the Suez Canal or the Cape of Good Hope, would not get coal at Algiers, Port Said, Natal, Colombo, or Singapore, so long as supplies were only sufficient for vessels under the British flag.

British industry has been organized for war and brought to a new pitch of efficiency. Construction of zinc smelters is promoted by a substantial remission of taxes. As a controller of all import trade, the government undertakes to use its purchasing power to depress prices in foreign markets, as it did with copper in December. The government has not only a general committee on commercial and industrial policy but a series of special committees devising plans for the advancement of such industries as machine-tool making, textile trades, and electrical manufacture. Scientific research as an aid to industry is being promoted on a large scale, under a new government office.

From other parts of the world come similar views. In Australia the leading grocery houses of Sydney and Newcastle in December formed a company to make co-operative purchases. Clearly, the Australians are taking a leaf out of the book of the British cooperative stores, 1,400 of which buy through one office in New York.

The conditions and prospects which have been cited are merely illustrative of the assaults we may expect at the same time upon our natural resources and upon our foreign markets. To meet these situations American concerns of moderate capital cannot at present engage in cooperative action. They believe that in their export trade as in their domestic business they are under a law which places emphasis upon maintenance of competition among all units. At the same time American exporters face prevention of cooperation they find that their foreign competitors even before the war acted under laws which emphasize freedom of contract and so allow cooperation. Because of American law they have feared to proceed in England, Argentina, and Australia in ways which are perfectly legal under the laws of those countries, and which their competitors freely pursue.

In removing these handicaps from United States exporters there is real national interest. Legislation need only grant express permission for cooperation in export trade. It cannot legalize any act that is contrary to the laws of a foreign country where it is done. Moreover, the law can be so framed as to prevent any restraint or any other retroactive effect upon our domestic trade.

Getting Peace Plants Ready for War Products

As Insurance Against Disaster, A Plan Is Being Mapped Out Whereby Every Industry Will Know Exactly Where To Step Into Line When the Bugles Call Us To Arms

By HOWARD E. COFFIN, of the Naval Consulting Board

ALL of us know something of the motor-car industry. I know that I am safe in making this statement; between the "flivver" and the limousine the entire human race may soon be classified.

There are one hundred automobile manufacturing concerns in this country. There are three hundred manufacturing institutions devoted to lines accessory to this industry. The automobile business is one of the best organized of all our manufacturing activities. And yet, within one week after a declaration of war, under our present conditions, the wheels of this great industry would cease to revolve. Our analysis of the producing equipment of this country shows us that not more than fifteen per cent of these motor vehicle concerns will be continued as such, in event of future war. Our other industries, both great and small, will surely be affected in about the same proportion.

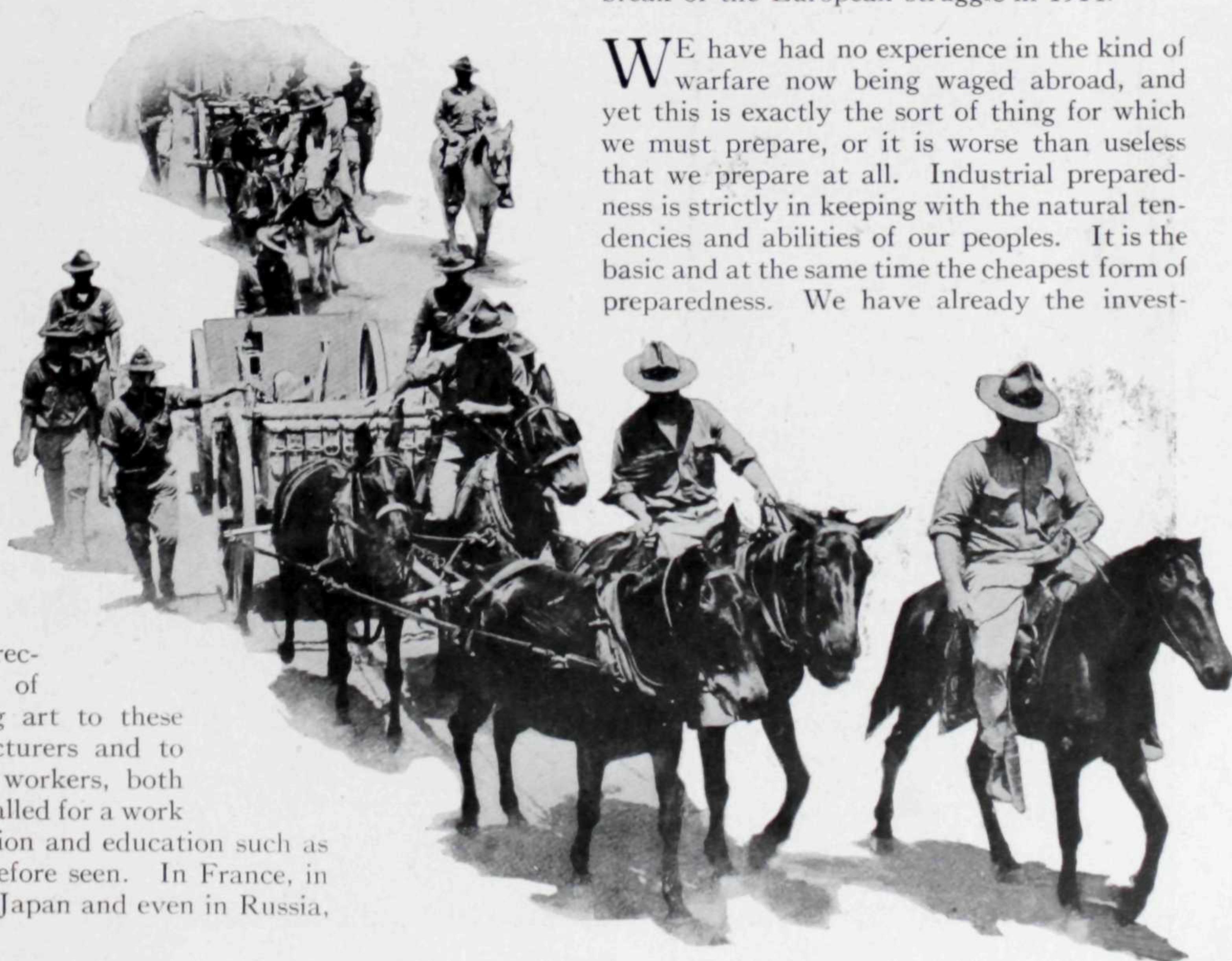
A close observation of the experience in foreign countries has shown us the vital necessity for a peace time pre-arrangement for conversion in all industries. Wars, as now waged, involve every human and material resource of a belligerent nation. Every factory and every man, woman and child is affected. Every sinew of industry of transportation and of finance must be harnessed in the country's service, to the one end, and for the common good. In England two years and a half ago there were three government arsenals. To-day thousands of England's industrial plants are being operated as government factories, for the production of war materials, and many other thousands of plants, still under private control, are centering their energies in this same direction. The teaching of the munitions making art to these thousands of manufacturers and to millions of industrial workers, both men and women, has called for a work in industrial organization and education such as the world has never before seen. In France, in Germany, in Italy, in Japan and even in Russia,

this same education and organization of the industrial forces is going forward.

We have here in the United States vast resources in manufacturing and producing equipment, but they are unorganized and uneducated for the national service. Our observations of the European war have taught us that it is upon organized industry that we must base every plan of military defense. In event of trouble with any one of the several first-class powers, between eighty and ninety per cent of our industrial activity would, of necessity, be centered upon the making of supplies for the government.

We have learned also that from one to two years of time and of conscientious effort are needed to permit any large manufacturing establishment to change over from its usual peace time commercial line to the quantity production of war materials for which it has had no previous training. Delays of this kind in time of emergency cannot but result in closed plants, in the disruption of labor organizations built up over a period of years, in a loss of skilled men through enlistment for the fighting front, in great financial shock and even ruin to manufacturers, and in those same chaotic conditions which wrought near national disasters to several of the countries at the outbreak of the European struggle in 1914.

WE have had no experience in the kind of warfare now being waged abroad, and yet this is exactly the sort of thing for which we must prepare, or it is worse than useless that we prepare at all. Industrial preparedness is strictly in keeping with the natural tendencies and abilities of our peoples. It is the basic and at the same time the cheapest form of preparedness. We have already the invest-



ments in plants, in tools and in machinery, and more important still are our resources in skilled workers. But it is only through the most careful methods of organization and education in time of peace that we may make all these resources available to us in time of emergency.

EACH manufacturing plant must be taught now to make that particular part or thing for which its equipment is best suited and for which, by a carefully prepared classification, it is to be held accountable in time of war. Annual educational orders, of such small size as not to interfere with commercial products, must be delivered each year under Government inspection. Skilled labor in every line must be so enrolled in an industrial reserve as to insure against its loss to industry through enlistment in the fighting forces. There exists no other means of harnessing industry in the defensive service of this Government. Every manufacturing institution in the country carries fire insurance—for the future it must demand that it be given war insurance as well.

For more than two years, this country of ours has been skating on the thinnest kind of diplomatic ice, and every business man has known it. An aroused national sentiment for an adequate defense against invasion has been reflected in Congress through legislation and large appropriations to meet the demands of the American people. Congress has done its part and, in general, has done it extremely well. What this nation needs now is action—and a comprehensive, definite and continuing plan for such action. How many business men have to-day the least knowledge as to what their plants and workmen may be called upon to do to-mor-

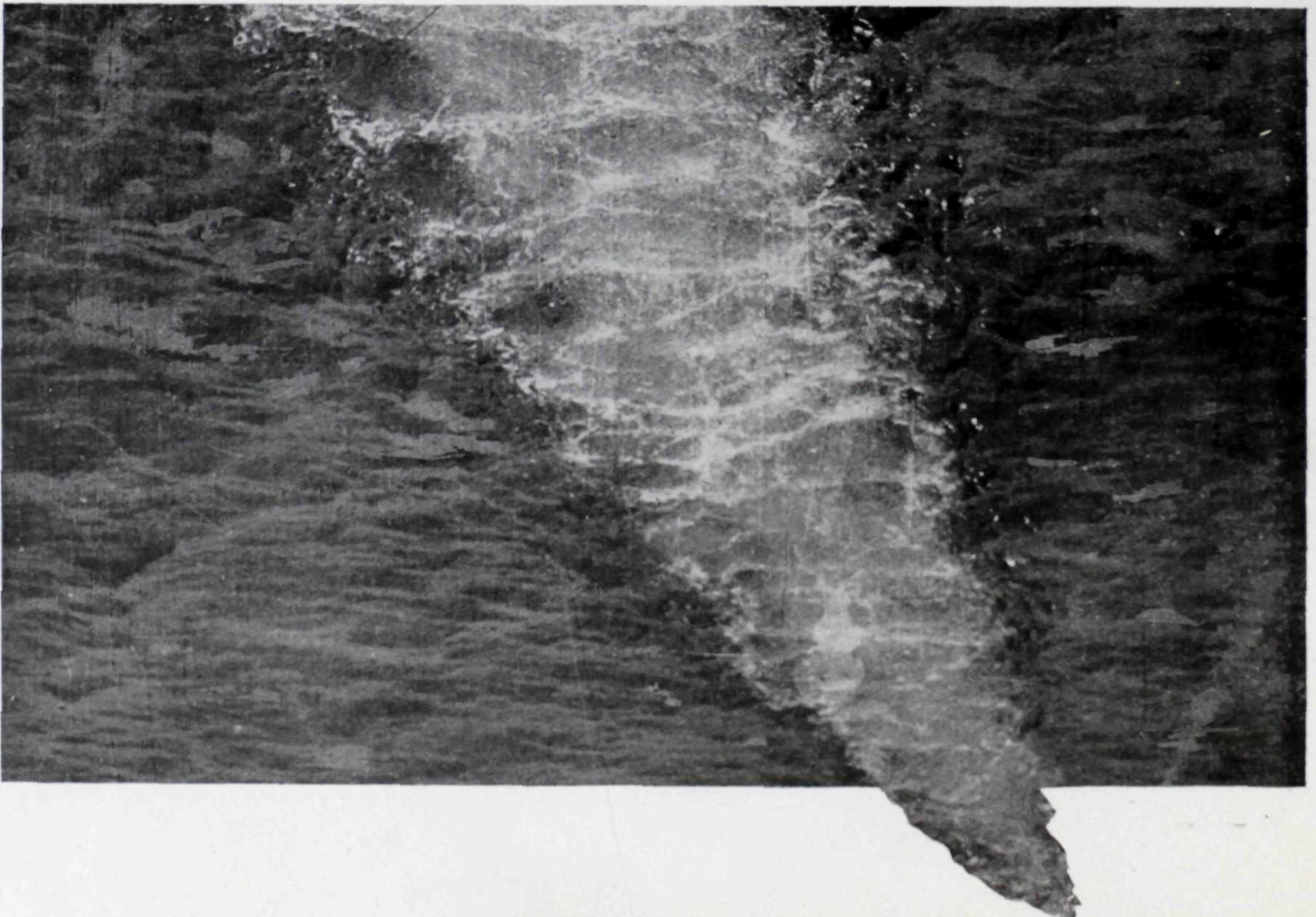
row under the most chaotic conditions of governmental emergency? Would not this nation be a thousand-fold safer against even the threat of aggression, if every one of us knew, through a carefully planned pre-arrangement, each plant's exact niche in the great general scheme of war material supply?

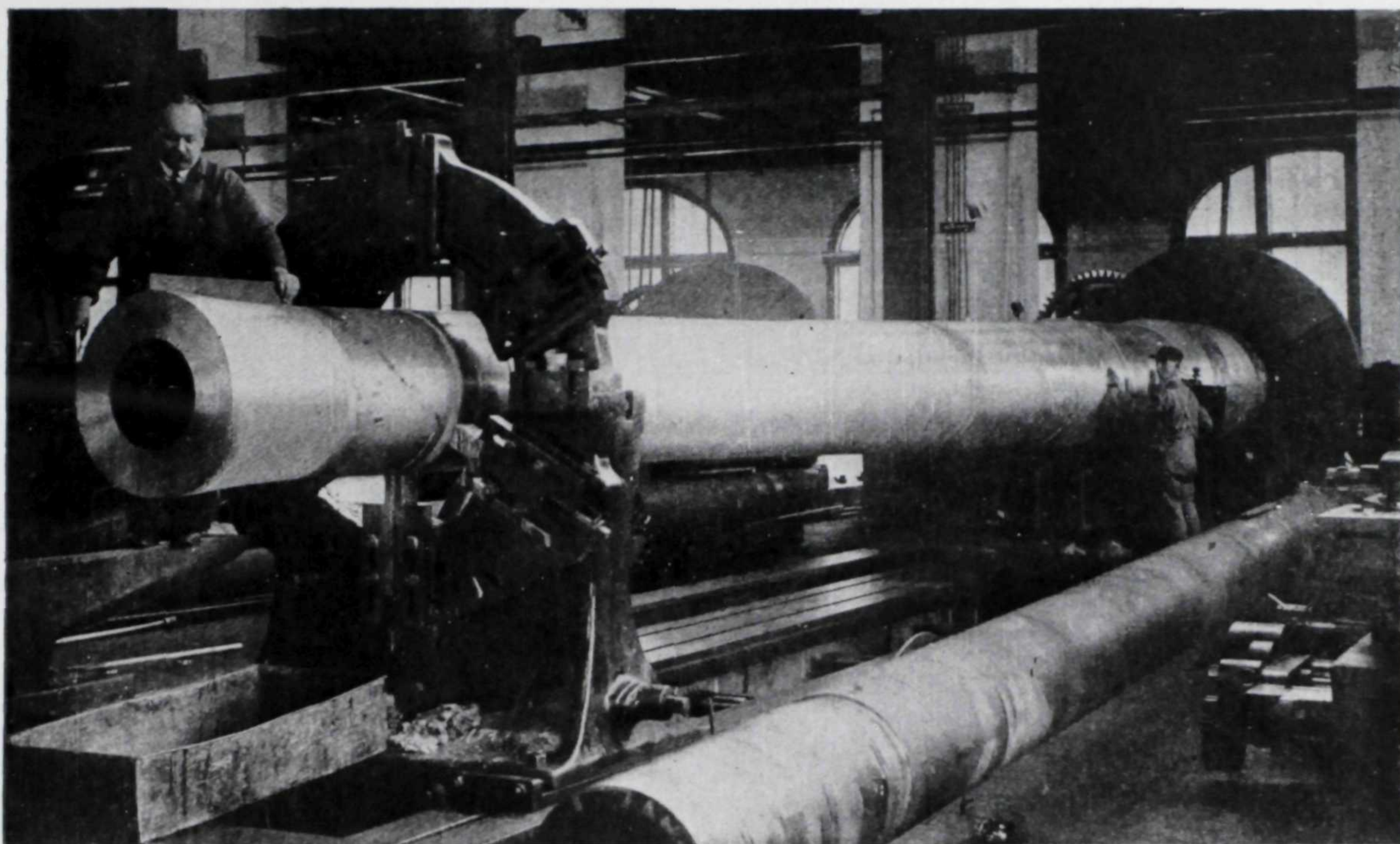
That we must nationalize geographically and politically the munition making art, we now know. To leave it centered near our east coast may be suicidal and certainly exposes us to a risk we dare not run.

We must nationalize the munitions industry politically. Each political district must have its share of government expenditures in this work. To each community must be brought home the part it must play in the event of national emergency. To urge and aid in pushing to speedy completion comprehensive plans for the education and organization of American manufacturers, for the production of governmental materials, would seem the dictate of plain business sense. There is no mystery in the job of preparing this country for defense. Secrecy in movement and accomplishment is largely buncombe. We deceive, and can deceive, the American people only. Our national safety lies in the thoroughness with which American business men do their "bit" and in the manner in which we advertise to the other nations of the world our business-like plans for the national defense.

IT seems to me that it is about time that we business men look squarely in the face our part in this national scheme of things military. If any man here has an idea that he may now sit in security, with folded hands, because Congress has voted battleships and a meagre

How a speeding torpedo looks coming at you. This deadly agent is largely responsible for a loss to the warring nations during 1916 of 1,149 vessels with a tonnage of 2,082,685. The figures were compiled by the Federal Bureau of Navigation.





The possibility that a world peace league will follow the present conflict is not of immediate concern to the War Department. A more important problem just now is the adequate defense of the Big Ditch. This 14-inch rifle on a lathe at the Watervliet Arsenal is part of the plan to make the Panama Canal fortifications impregnable.

increase in standing army, it is time that he consult a brain specialist.

In war, as in peace, there are now three Graces—"Army, Navy and Industry, and the greatest of these is Industry." The European struggle is, in its last analysis, a war of munitions—a war of factories, of producing powers and of skilled workers.

The Chamber of Commerce cannot continue in the role of the mere interested spectator, recording sentiment and giving advice on national issues. If this organization is to mean anything worth while to this country under the new order of our relation to world affairs, it must get its feet, as well as its hat, in the ring—its operating machinery must be geared to higher speed.

One year ago the Committee on Industrial Preparedness of the Naval Consulting Board asked the support of the Chamber behind the work of the many thousands of engineers who were engaged in an inventory of the country's manufacturing and producing resources. This work has been practically completed, and twenty-seven thousand inventories are now on file in the office of the Council of National Defense. But the mechanism of the Chamber is such that nearly two months of time were required to put the stamp of its approval behind this movement so vitally fundamental to any and all plans for defense. And when this approval did come it was not needed—it was too late—the Chamber merely followed—it did not lead.

Either preparedness is useless and to be discouraged, or we must face our necessities and prepare to meet them with that same spirit and common sense with which we attack the problems of our every day business

life. There is neither logic nor safety in any middle course. That nation is most hopeless which most sincerely deceives itself.

UNDER this new educational system, suppose a steam pump concern in Lima, Ohio, were given a standing order for the metal parts for a dozen eight-inch shells annually. Even this minimum annual order, paid for upon a basis of cost, plus a limited rate of profit, produced in accordance with drawings, gauges, specifications and instructions supplied by the War or Navy Departments, inspected and tested in a Government assembling depot in the middle west, would insure far-reaching results. Every department of the producing works, from material purchasing to shipping, will learn as to sources of material supply, peculiarities of treatment, methods, tools and jigs for machining, and even how to pack and route for shipment. The engineering department will have in its files the latest working drawings, and all arguments as to proper design for quantity production will be disposed of in time of peace. Lastly, the business end of the institution will be brought into contact with the government and its methods of business, to the very evident advantage of both parties.

The advantages of such a system should need little by way of argument. The present sources of supply for governmental materials will be multiplied a hundred fold. The decentralization of our munition supply will be begun and its location shifted westward from its dangerous location near the coast. The pacifist bogey of the munitions trust and munitions lobby will be laid for all time. We now know that in the event of possible

war that munitions making must become our one great national industrial undertaking, and we must make our plans accordingly.

Upon the industrial or business side, the arguments favoring this educational policy are sound. Every manufacturer owes it to himself, to his stockholders and to his workmen to insure against a prolonged shut down of his plant.

THE ability to swing quickly from the commodities of peaceful commerce to the production of the emergency materials of war will constitute the greatest insurance against government control, against disruption of organization and against months of community chaos which cannot but spell physical suffering and privation to labor and money loss to the business itself.

The interests of Government, Capital and Labor are common interests in war, and it is only through prearrangement as to productions, profits, wages and relations that the national welfare may be safeguarded.

I said that Congress has done its part. Let me call to your attention by brief mention three public documents I have at hand. The first is the Army Reorganization Bill—Public Document No. 85, 64th Congress, H. R. 12766, and I refer you particularly to sections 120, 121 and 123. Section 120 deals with the listing and the analysis of equipment of all manufacturing plants capable of conversion to the production of war materials. Full power, through the President, is conferred upon the War Department to commandeer any or all plants in this country, and heavy penalties for refusal are provided. Section 123 has to do with the procurement of the special gauges, drawings, tools, jigs, etc., necessary for use in private as well as government plants, and constitutes a great legislative step forward in the educational plan outlined.

UNDER the provisions of Section 121, the report of the Colonel Kernan Board for the Government Manufacture of Arms, Munitions and Equipment has been made. It is Public Document No. 664 and gives us, not the opinion of an individual, but the determinations and findings under date of January 4, 1917, upon the general needs of this country in many lines incident to the national defense. This Board, composed of officers and civilians of long experience, had before it in the course of its investigations many men of national importance in industry. It had before it information of such confidential nature as to munitions production for foreign governments that no mention in the report was found possible. It would seem, therefore, that we should take the conclusion of this Board's work most seriously.

The last of the three public Documents, No. 242, 64th Congress, H. R. 17498, has to do with appropriations for the army. Under the heading "Ordnance Department" on pages 27 and 29 will be found two provisions dealing with gauges, dies, jugs, drawings, specifications, etc., for educational

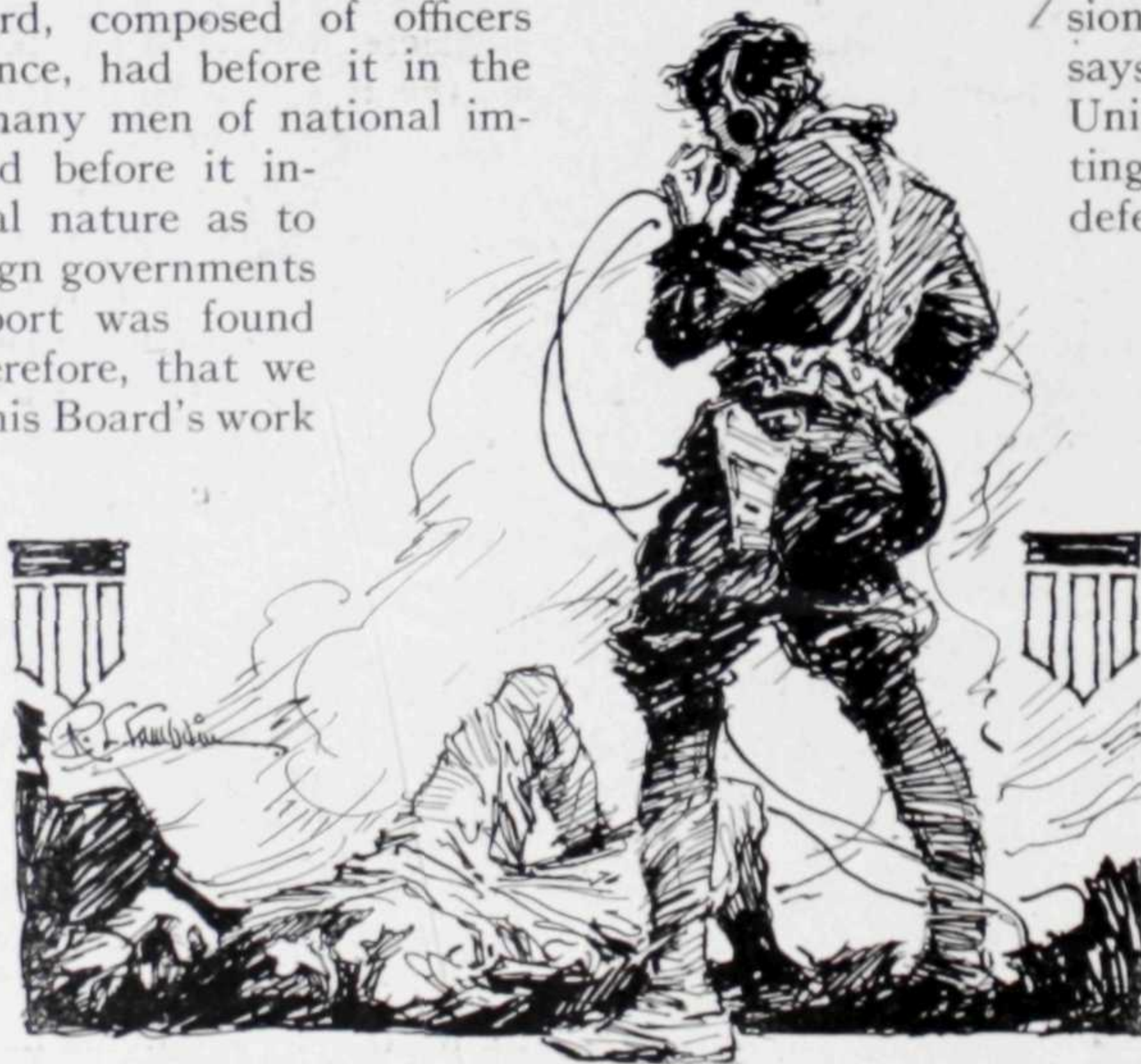
work with private manufacturers. Here also will be found two appropriations of five million dollars each, available in such part as may be necessary, free from the existing laws prescribing competition by bid, and which may be used for placing minimum annual educational orders in amounts of not to exceed fifty thousand dollars in any one case. Such educational orders will as a matter of fact seldom exceed a fifth of this sum in amount.

On page 34 of this same Act—under Section 2—is created the Council of National Defense, asked for one year ago by the Chamber of Commerce of the United States. No more powerful body has ever been created by Act of Congress. It is composed of six Cabinet officers: The Secretaries of War, Navy, Interior, Agriculture, Commerce, and Labor. It is provided with a Director and an Advisory Commission of seven men, "each of whom shall have special knowledge of some industry, public utility, or the development of some natural resource, or be otherwise specially qualified, in the opinion of the council, for the performance of the duties thereafter provided."

IT is provided that "it shall be the duty of the Council of National Defense to supervise and direct investigations and make recommendations to the President and the heads of executive departments as to the location of railroads with reference to the frontier of the United States so as to render possible expeditious concentration of troops and supplies to points of defense; the coordination of military, industrial, and commercial purposes in the location of extensive highways and branch lines of railroad; the utilization of waterways; the mobilization of military and naval resources for defense, the increase of domestic production of articles and materials essential to the support of armies and of the people during the interruption of foreign commerce; the development of seagoing transportation; data as to amounts, location, method and means of production, and availability of military supplies; the giving of information to producers and manufacturers as to the class of supplies needed by the military and other services of the Government, the requirements relating thereto."

General Wood uses an expression that is particularly apt. He says the army and navy of the United States are merely the cutting edge of the blade for national defense, that the entire body of the blade and the weight of the steel behind that edge must be made up in the mills and the factories, and in the labor of the country.

This is the stern meaning of the over-used word "Preparedness" to the business men of the country. It must be their duty to see that the men on the front line shall lack for nothing from shoe laces to 16-inch shells.



To Checkmate Europe's War-Begotten Efficiency

A Plan by Which the Department of Commerce Would Assist American Business to Attain Full Stature at Home and Overseas

By A. W. SHAW, Editor of *System*

BUSINESS men will no doubt generally grant that the "after the war" problem, whether you look at it from the standpoint of foreign or domestic trade is at bottom just a problem in ordinary business capacity. If we as American business men can produce and distribute with as little waste of materials, man-power and opportunity as our foreign competitors, we shall get on comfortably. If we do not, we must sooner or later suffer. There is no escaping this basic issue. We may pile up wealth and gold reserves, establish scientific tariffs, negotiate the best of commercial treaties, carry on the most vigorous foreign trade propaganda, legalize combinations for exporting—we may do a hundred wise accessory things like these, but unless they are backed up by a business fundamentally as efficient as that of our competitors, they can give us no security.

Our prosperity will probably keep going for some time after the war ends, whatever further measures we take or do not take, and such measures as these should prolong it. But that does not alter the fact that success and prosperity must eventually be determined on the basis of our collective business capacity.

It is therefore of the greatest importance to us that the three great nations which have been our chief foreign competitors—England, Germany and France—have never before in all their history made such rapid gains in efficiency as since the war began.

THERE is, for example, the increase in the use of labor saving machinery. Many factors have contributed to it. I need not stop to enumerate them. But the fact is that there has been no other such widespread and rapid improvement of process in European plants since the industrial revolution. European machinery factories were never more busy. Yet their output has not been nearly equal to the demand. All the leading countries with free access to the sea have had commissions in the United States buying textile machinery, tool making machines, engines, motors, machine parts and the like all in enormous quantities.

Hear what one business man said:

There is probably no one in the United States better qualified to discuss this subject than Mr. Shaw, because his work for years has been the study of business efficiency, and in the investigation upon which his present conclusions are based he has had the benefit of the cooperation of Walter H. Cottingham, Cleveland; C. Herbert DeFosse, Worcester; Philip B. Fouke, St. Louis; E. Oliver Fowlkes, Mobile; Edwin F. Gay, Cambridge; Charles F. Jenks, Detroit; Charles A. McCormick, New Brunswick, and A. A. Young, of Ithaca.

When you stand in their factories, as I have stood amid a forest of lathes and American automatics, you have a feeling that quantity production or ordnance may be followed by quantity production of peaceful products ranging from small motors to safety razors. Thus the weapon born of our industrial vision and forged by American mechanical ingenuity may rebound on our own heads.

Along with these mechanical improvements has come a keen new interest in all sorts of administrative methods for getting greater and more economical output.

If the eyes of France and England were shut to their business short-comings before the war, certainly the war has opened them.

As for the number of workers, it is altogether possible that there may be more after the war than before. England, for example, with three million or more of her men gone into the armies, has had enough new women workers and new processes to keep up practically the before-the-war volume of her exports, and to greatly increase her output. Nothing like exact statistics are available, but if we count those women who are doing new work for themselves and others without pay, as well as those enrolled as new employees, the number must be considerably in excess of the number of men killed and permanently injured—which is still less than one-fourth of the total enlisted. All, or practically all, of these new women workers will continue to be at least a potential labor supply during the period of reconstruction. You have only to add to their number the surviving three-fourths or even two-thirds from the armies to see how the available supply of trained labor in the United Kingdom may possibly be greater after the war than before. Nor is the case in France or Germany essentially different from that in England.

But there is another deeply significant factor in the European labor situation. Take Germany, for example. The former German workman is now fighting in the ranks as a private soldier, has such long hours of labor, is undergoing such hardships and dangers, as he certainly never knew in time of peace. And his wages—besides food and clothes and a meagre allowance for his family—are the equivalent of five

BEFORE the war," said Mr. Lloyd George the other day, "We had a good many shortcomings in our business, our commerce, our industry. The war is setting them all right in the most marvelous way. Old machinery is scrapped; the newest, the best and the latest is set up; slipshod and wasteful methods are scrapped; the hampering customs discontinued. Millions are brought into the labor market to help to produce who were before purely consumers.

"I do not know what the national debt will be at the end of this war, but I will make a prediction: Whatever it is, what is added in real assets to the real resources of the nation will be infinitely greater than any debt we ever acquire. The resources of the nation in every direction have been developed and directed; the nation itself, disciplined, braced up, quickened, has become a more alert power. We have thrown off the useless tissues. We are a nation that has been taking exercise. We are a different people."

cents a day. Similarly, the government is requiring men not in the field to work in mines and munitions and other industries for less wages than they would command in an open market. Among the English, wages have been far more generally maintained, but there has been hardly less personal and financial sacrifice. Nor are such sacrifices by any means confined to labor. In all the belligerent countries the profits of employers have been limited, and incomes of all sorts have been taxed as never before. We shall not be allowed to forget after the war that our foreign competitors are men and women trained to such effort and sacrifice. It will be felt in the international battle for trade.

THE rise of associated effort, particularly among the French and English, is even more significant. Germany, of course, had only a little way to go in this respect. But now it has come about that democratic France and England are by way of outdoing Germany at her own game.

Not only have the French and British governments taken charge of things—they have done that, of course, to an unprecedented degree—but there has been, in addition, a complete regeneration of business thought among French and British business men themselves. Not only, then, have our competitors been increasing the output of the man and the woman and of the factory or store unit, but they have also been learning in a way new to the world the priceless lesson of nationally associated business effort.

Have we been doing as much? I doubt if any careful student of the subject will say we have. It is by no means certain that we have not even gone backward.

WHILE the belligerent nations have been striving beyond all precedent to correct the defects in their economic structures, have we not been able almost to forget that there are any defects in ours? Have not high wages and sure jobs—to take the workmen's point of view—and easy orders and huge profits—to take the employer's—lessened rather than increased our incentive to economical business? And have not business economies been slighted among us accordingly? We have vast wealth. We have an immense new business equipment and experience. We have a long list of such advantages. But have we yet offset in terms of low cost production and distribution the enormous gains

made in these respects by those who must again, sooner or later, be our full competitors? It is plain beyond all question, I believe, that we have not.

HOW then, can we do it? The plan of the Department of Commerce committee of the National Chamber contemplates the addition of four closely related functions in the Department of Commerce.

The Department already performs a number of broad basic functions like the keeping up of light houses, the charting of ship courses, and the taking of censuses. It even gives special aid to particular lines of business through the Bureau of Foreign and Domestic Commerce and the Bureau of Standards, for ex-

ample. But it has never become, in the larger sense, a centralizing, quickening influence in business. The ordinary hour-to-hour problems of factory and store and office, the problems of building up domestic trade and the capacity of the average man in it—these the Department has left practically untouched.

The average farmer, of course, is kept very much more aware of the work of the Department of Agriculture. Its activities continually tempt him to improve his methods.

But the Department of Commerce could do even more for business men by adding the functions mentioned, which I shall now outline in the natural order of their development. The Department should find out in detail what it costs to do business in the United States.

THERE is now only the vaguest information on this important subject. The Bureau of Census, although a part of the Department of Commerce, has never taken a commercial census. It cannot tell so much as the total number of grocery or shoe or dry goods stores in the country to say nothing of their internal economies. We do know a little more about our industries, but even this information happens to have been gathered and presented in such a manner as to make it of less practical value than it might have been.

Now, it is certainly of some importance to know how many stores and factories we have, but we need to know a great deal more than that about them. What percentages of their total receipts go into rent, light, heat, buying expense, insurance, wages, salaries of sales people, cost of management, deliveries, depreciation of stock? What are their rates of turnover? These are the vital statistics of business, and the Department should first of all obtain them.

The data, of course, should be taken only from those



Above, American car fording a jungle stream in South Africa; below, display of machines at a recent Johannesburg agricultural fair. During 1916 South Africa took \$2,095,496 worth of American cars out of a total exportation of machines and parts of \$125,636,787.

who wanted to give them. Free cooperation is the very essence of the program. But the great majority of business men would undoubtedly cooperate. The records of private agencies that have pioneered in this field leave no doubt of this. In hundreds of instances, even within the limited scope of this private work, business men have not only freely supplied data but have gone to the trouble of installing new systems of accounting to make them more accurate.

I shall say more in a moment about the handling of these data. But I want here to reassure any one who may be alarmed over the quantity of statistics to be gathered. The data would not have to be taken from all the concerns in a line, but only from small groups indicative of the whole, in order to be put to practical use by the business men of America.

AS the Department found out enough facts to proceed with, it should deduce from them sets of standards for turnover rates and the various classes of costs in the various lines of business. In the aggregate a large task, but one that could be undertaken by convenient stages. And in every stage it should be immediately serviceable.

The process of setting up standards, once the facts are at hand, is simple enough. Take, for example, the salaries of sales people in the retail hardware stores that are properly comparable (by reason of size, situation, variety of stock and the like). This item of expense in each store would be reduced to a percentage of the total receipts of that store. The resulting percentages for all the stores would be ranged in a column according to their size. Now the records of the private agencies already mentioned show uniformly that such percentages from a large proportion of the more efficient stores tend to group closely about a certain figure.

This figure, representing the composite experience of a number of representative stores, would be accepted as a reasonably attainable standard. Its practical value—and, of course, the process applies equally to all

kinds of stores and factories—would lie in the fact that the concern whose percentage showed badly by comparison with it would be prompted to inquire into the reason. Thus, where waste existed, it would have a greater chance to be uncovered and eliminated.

NOW, with few exceptions in restricted fields, no such standards exist. No manager knows, or can know, exactly how his various expenditures compare with the mean of corresponding expenditures among efficient stores or factories of the same class. The specific clew to waste, which such information would supply, is missing.

It is unnecessary, as I just now indicated, to have those standards perfectly scientific in order to get good use of them. Before the data from anything like the total number of stores of a given class are available, indicative standards can be obtained which serve in the same way as clews to points of inefficiency. One private agency has for some time been setting up and circulating such standards, and many business men have told how these standards have helped them to waste less and earn more. Not more than a few months is required to prepare indicative standards for any ordinary line of business, whereas the more scientific process may take many times as long. Now, if the head of a

store or factory found his expenditure for a given purpose was considerably above the standard, he would naturally be keen to know how the other stores or factories outdid him. The third new function of the Department would be to tell him these things.

IN other words, the Department would gather ideas that had proved exceptionally profitable in actual businesses and circulate these ideas among concerns that did not know of them. The idea might relate to production, distribution, or administration.

It might be embodied in an improved plan for factory building or factory management. It might be



© UNDERWOOD & UNDERWOOD

A genuine brick of European gold coming out of the melting pot in the New York Assay Office. There is eight billion dollars worth of gold in the world and the United States has more than a third of it. In our vaults is heaped two billions in the precious metal—more than any other four nations possess.

a scheme for cooperative local delivery, a more "telling" system of credits or accounts, a shift for enlivening "dull months", or any one of an almost infinite number of devices for strengthening business.

Such ideas are to be found on every hand in American business—admirable ideas but isolated, each known to only a handful. For while the peaks of efficiency are high in this country, the valleys of inefficiency are notoriously low and wide. What is needed on behalf of common progress is to put the elements of efficiency now known only to the few into the hands of the many.

But what would be the attitude of the efficient concerns toward this process? Would they be willing to put into public circulation the private ideas on which they had built their success? Or would they be inclined to hoard them?

YOU have only to look at the technical and business press for the answer. These publications are given over largely to the circulation of distinctive, often exclusive, methods of the stronger concerns. They are continually asking business men, of large interests and small, to contribute to the common fund of business knowledge and few refuse.

The cause of this, I believe, is a penetrating social and business perception. Those of us who are relatively strong want the relatively weak to be stronger because if for no other reason we have to do business with them. If our customer takes up better methods, does he not become a better customer? If our competitor finds out more about his costs, makes his business sounder in any way, does he not become a safer competitor? If you will stop to think, I believe you will see that a very large propor-

tion of the difficulties and demands on our time in business come from the mistakes of those who are inefficient.

It is to the interest of each of us that every man in business should be as good a business man as he can.

The wasteful individualism in business, each concern hewing its way alone with little aid or counsel from the rest, is undoubtedly due to no set opposition to cooperation but rather to the lack of an adequate agency to stimulate it.

The fourth new function,

but one which I shall no more than mention here, would be that of working out still better methods than are found in the best of actual business. The Bureau of Standards of the Department of Commerce is already showing, in the physical field, how useful such original work may be.

This, then, completes the list of the new functions which the Department should undertake. But its new work would not of course, end with the exercise of these functions among special lines of business without relation to other lines. The methods and attainments of different lines should be compared. A system to be found now only in laundries, for example, might be transplanted to candy shops, or a factory routing plan to banks, and lessen costs. For, after all, are not most businesses fundamentally alike? Doesn't your line differ from mine more in name and appearance than in essential nature? If the head of a great shoe manufacturing and distributing concern could do the shoe business of the country on 40 per cent of the shelf stock now employed, as he recently told me he could, might not the same merchandising ideas

effect an equal saving in other trades?

Think what it would mean if retail merchants could reduce shelf stocks they have to (Concluded on page 63)



It is apparent that here in India American breakfast foods are destined to play their part in the intellectual awakening.



As Taki San sipped the beverage made famous by Col. Bryan, she said, "My unworthy lips are delighted by the honorable grape juice of the august Americans."

If Alien Guns Should Thunder At Our Gates

Experts Call the National Guard a Bulwark of Straw, the Regular Army Cannot Get Recruits, the Volunteer System is Obsolete; Security Lies in Universal Service

By BASCOM LITTLE*

THE Chamber of Commerce of the United States is committed to a comprehensive plan for national preparedness, involving the employment of the various military, commercial, and industrial forces of the country. The plan as adopted by the Chamber, contemplated not merely the material strengthening of such defensive measures as had already been created but, in several instances, the creation and perfection of an entirely new set of measures, based upon careful consideration of the defects and shortcomings of the present system and upon the experiences of those nations in Europe which were even then in the midst of the greatest war the world had ever known. Insofar as this plan contemplated changes from the existing order—whether through the extension of measures already in force or the creation of new ones—in either case, its success was necessarily dependent upon the favorable consideration and action by the Congress of the United States, as well as upon a thorough understanding on the part of all the citizens of the principles involved and of the objects which were sought to be attained.

On the broad recommendation that the national defense forces of the United States, both on land and sea, should be so increased and the industrial resources so coordinated as to make fully available the military, industrial, and financial strength of the nation, the vote of the Chamber was nearly unanimous—a total of 970 votes in favor, with but 8 votes opposed. The vote slightly exceeded the ratio of 120 to 1.

AS to the manner in which this program should be carried out, a somewhat wider difference of opinion appeared to exist, although in no case did the ratio fall below 15 to 1. Members of the Chamber registered emphatic approval of the idea that a Council of National Defense be created to assist in the development and continuing policy for National Defense, that a Staff of Industrial Mobilization be formed for the control of the economic resources of the country, and that Congress provide for a General Staff of the Navy which would coordinate the maintenance of the fleet and the functions of the various bureaus and divisions in a single body. Similarly, plans for the strengthening of the navy, in-



creasing the regular army, providing for additional commissioned and non-commissioned officers and for an officers' reserve corps, and completing arrangements with private manufacturers for war supplies, supplemented by educational orders in time of peace met with equal support, and accordingly became a part of the Chamber's program.

It is interesting to note the manner in which the different sections of the country voted on these questions. In all but 8 of the states lying west of the Mississippi river business men came out unanimously in favor of the proposals submitted in the Chamber's referendum, while in all but two of these states (in which no vote was recorded), the vote was overwhelmingly in favor. Of the states east of the Mississippi, all but four (in three of these states no vote was recorded), show a vote either unanimous or at least overwhelmingly in favor of the proposals. In one state only did the returns indicate a feeling contrary to the recommendations.

CONGRESS has accomplished much since the vote of the Chamber was taken on May 23, with the result that new or supplemental legislation has been provided, to a greater or less extent, in the case of each one of the principles, mentioned above, to which the Chamber stands committed. By the Army Reorganization Bill of June 3, 1916, Congress authorized a heavy increase of the Regular

Army, as well as the establishment of an officers' reserve corps, making provision at the same time for a considerable number of reserve officers. Furthermore, the Army Appropriation Bill created a Council of National Defense with an advisory commission, whose combined duties are nearly what was advocated in the referendum for a council of national defense and staff of industrial mobilization. It would seem, also, that various passages of the Army Bill contain the germ of the system of industrial preparedness and prearrangement with private companies for the manufacture of war supplies, in accordance with the plan for which the National Chamber has voted.

With regard to the navy, new legislation for the office of Naval Operations would seem to give that office practically the powers of a general staff, as voted for by the Chamber. The building program adopted by Congress is said to represent the maximum capacity of government and private shipyards for the three years over which it is extended. While this program is expected to restore the United States to its position as second naval power in the Atlantic, as suggested on the ballot, it will, on the other hand, apparently provide no surplus in the Pacific.

* Mr. Little is peculiarly fitted to discuss this subject. For more than a year he has, with such men as Bion J. Arnold of Chicago, Hugh Chalmers of Detroit, D. S. Chamberlain, of Des Moines, W. H. Cowles, of Spokane, Henry C. Emery, of Providence, Louis T. Golding, of St. Joseph, Matthew T. Hanna, of New York City, Ira N. Hollis, of Worcester, Albert J. Logan, of Pittsburgh, Franklin T. Miller, of New York City, J. Bernard Walker, of New York City, Henry A. Wise Wood, of New York City, and James L. Wright of New Orleans, studied the problem of getting our country into condition to defend itself. This group of men, of which Mr. Little is Chairman, completed a sane diagnosis of the danger and propose a logical and businesslike remedy, as anyone who reads this article will admit.—Editor

One principle, the most important of all of those adopted by the Chamber, upon which Congress has failed to take any action whatsoever—is that of universal military service.

The position of the Chamber on universal training is unequivocal. By vote of 889 in favor to 56 against, the commercial and trade organizations in the membership — the leading business associations of the country—registered their support of a system of universal training which should be enforced by law to provide adequate industrial, as well as military and naval, forces both in peace and in war. Upon this question organizations in some forty-three states were represented. In twenty-six of these states the vote was unanimous; in sixteen others it ranged from more than 100 to one to two to one. In but one state was the vote opposed.

The main point is that the business men have now recognized the military obligation in a democracy as of equal rank with the civic duties of citizens and have stated their conviction that recognition of this principle is fundamental. They have gone further, and have recorded a conclusive vote that a system of universal military training is one which will affect every man alike. In other words, instead of being militaristic or aristocratic, it is a thoroughly democratic principle.

There is another point it is believed should be strongly emphasized. It is unfair that a citizen be drafted for dangerous service at the front while dependent for the protection of his life upon munitions manufactured by untrained citizens. Such a condition is also unfair to the nation as a whole. It is therefore desirable to bring home, by official recognition, the fact that, when working upon war supplies, industrial workers are a part of the defensive force of the country. The obligation of each man to bear the burden of national defense in the way he is best fitted to do should, by education, be instilled into the mind of every citizen, from the laborer to the multi-millionaire. The plan advocated by the Chamber of Commerce of the United States will entail service in the industrial as well as the military establishment and insure every man, rich or poor, rendering service in the particular field where his training will make him most effective. Some will shoulder rifles, others will operate machines, dispatch trains, manage communications and finance. All will be familiar with the problem of national defense.

The extent to which this belief has grown in the business community is truly remarkable. This was manifested only the other day by the publication of the report of the executive committee of the committee on national defense, appointed by the Mayor of New York

City to inquire into the recent mobilization of the National Guard.

Employers were substantially agreed upon three points:

1. The country must have adequate military preparation.
2. The National Guard system is not satisfactory.
3. There must be instituted some form of universal training under federal control, so devised that all citizens shall contribute to the public defense, either by actual military service or by bearing a fair share of the cost.

The report on the mobilization of the National Guard for border duty, compiled under the direction of the War Department, and submitted to the Senate Sub-Committee on Military Affairs shows that of 128,000 enlisted men of the militia inspected at the border, 81,000 or 63 per cent were either transferred from militia organizations not called out or were new recruits, leaving only 37 per cent of the force representing the National Guard, or the organized militia element on the rolls of the organization at the date of call. Of those who

were on the rolls at this date, the report shows, 47,600 were lost during the period of transition into the federal service, making the National Guard as it went to the border substantially a volunteer force. Of the number lost, 7,200 failed to respond to the call, and 23,700 were rejected for physical disability.

As to the training received by this force before reaching the border, the report indicated that 63 per cent of the men had had less than three months' military training of any kind and more than 60,000 none at all. Over 56,000 of the troops had never fired a military rifle, and more than 14,000 others had received rating less than first class at the targets.

The campaign for militia recruits which was carried on actively all over the United States from July 1 to October 31 is also discussed in this report. The combined results of this campaign show a total of about 15,000 recruits—a number insufficient to fill vacancies caused by discharges and casualties occurring during the same period. Despite an almost house-to-house canvass, so the Chief of Staff reported to the Sub-Committee, the Regular Army is still short about 26,000 men of the peace requirement under the new law.

I wish to call attention to the fact with all sincerity that the country owes a debt of gratitude to the members of the National Guard who assumed the common burden in answering the call of the President of the United States for service on the Mexican border. The

PREPAREDNESS

Primitive Habagag-Ag,
Equally primitive Ub,
Occupied caves in primordial slag;
Neither was counted a dub.
Agawuk lived in the slime,
Hairy and hard and grim;
Ub said, "I'm peaceful and wealthy, so I'm
Perfectly safe from him."
(Ag whittled clubs with a vim.)

Agawuk gathered his gang,
Went on the trail one day
Empty of belly and sharkish of fang,
Looking for loot and prey.
Deftly hit Ub on the head,
Put all his wealth in a bag,
Fought with his family, left them for dead,
And hastened away with the swag.
(Nobody bothered Ag.)

Times haven't changed since then;
True, we have learned new tricks:
Dresses for women and trousers for men,
Rifles instead of bricks;
But when at last you see
Issues come to the rub,
Tell me, which would you rather be,
With, or without, a club?
Habagag-Ag, or Ub?

F. Gregory Hartswick in *Leslie's*

injustice which the system under which they rendered their service laid upon them is now well recognized in the Nation and the campaign for universal obligatory service is at least partially inspired by a desire to remedy this injustice and to prevent its recurrence.

That the system has weaknesses is readily admitted by the army itself. In his annual report, Major-General Hugh L. Scott, Chief of Staff, said,

"The conclusion is obvious that it (the National Guard) is a very expensive military system, which is no sooner called to service than the department is inundated with requests for discharge of individuals, and Congress is called upon to make provision for families left behind."

General Scott cited one instance where recruits in New York cost the government \$40 each. Business men throughout the country have long since been aware of the economic and financial loss of depending for the defense of the nation on a volunteer force, under the dual control of state and federal government, whose fitness for the work at hand may have reached as many different stages as there were different requirements in the 48 states. Seeing this, the business men have declared for a system of defense which, it is believed, will solve a large number if not all of the difficulties of the present system. It remains for us to consider, in brief space, the merits of this new system—new in but one country in the world—the United States.

VARIOUS plans and suggestions involving the principle of universal military training and service have been discussed both in and out of Congress, all based upon one common idea but differing as to details. One of these plans, known as the Chamberlain bill from the Chairman of the Senate's Committee on Military Affairs, indicates one type of suggestion which has met with some favor, while other plans more or less similar have been advanced by army officers and others, varying only in the way in which the idea of universal service should be given effect. General Wood, commanding the Department of the East, in testifying before the Senate Committee, said:

I think you have to drive home that principle of general military obligation and general military training. I think that is the basis of the whole thing. Once you get that basis you can bring your regular army down to a pretty small limit. We should establish a condition under which the greatest possible number of men are trained, and once trained, return to their normal occupations, and only enough men maintained with the colors for the every-day needs of the nation, no more.

Whether they like it or not, men realize that the principle is sound. A man cannot exercise the suffrage as a right and assume

that he has the privilege of deciding whether or not he is to render service in case of necessity.

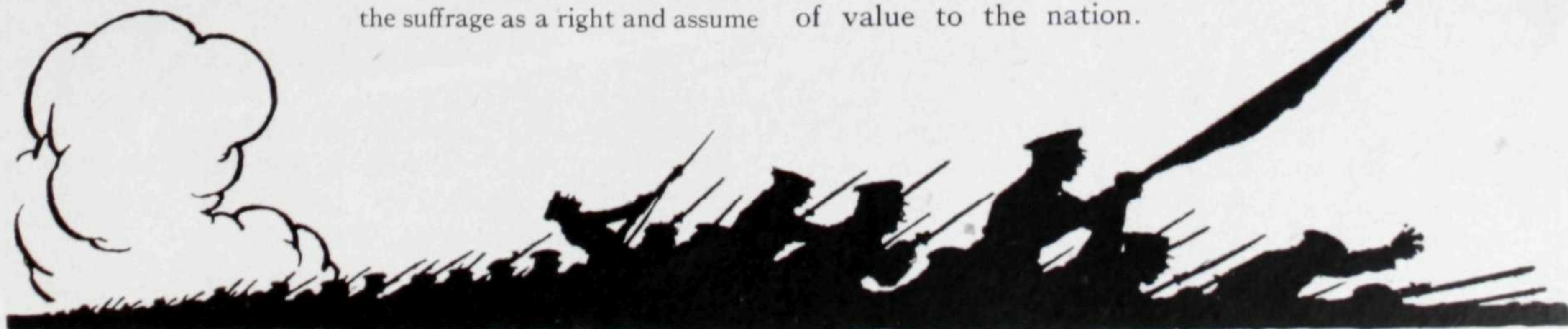
The volunteer system as a system has been a dismal failure in every war we have engaged in and always will be. The good man will go first, then volunteering will stop, as it did in the Revolution and 1812, and in the Civil War when we went to the draft. We never filled our call for the Spanish War even. It is a rotten system. The spirit is fine, but the system is unsound and spells disaster if we ever go into a real war with it. There has been no equality of service. The rich when drafted have been able to buy the poor to take their places. The result has been a debauchery of public morals on the subject of each and every man's obligation to service in time of war. We have never in our entire service waged single-handed a war with a first-class country, and we have not the slightest conception of what war would mean with an organized and prepared nation, and it is principally with possible war with such a nation that we are concerned.

The people must be brought to a realization that no principle is more in accord with a republican form of government, no doctrine is more truly democratic, than that which asserts that every able-bodied male citizen owes military service to his country. "The origin of every right is in a duty fulfilled."

I am finishing the draft of this brief report on the national defense subject on the morning of February 1. The papers to-day are full of the new German note. It is certainly not without the bounds of possibility that alien guns should thunder at our shores.

The discussion of preparedness programs and of the ideas of individuals and organizations concerning them has ceased to be an academic one. The possibility of stern necessity for them seems nearer than we thought. It is possible that we may yet have to prepare ourselves for war during the emergency of war instead of during the calmer times of peace. That situation has been the fear of those people in the country who have been interested in the defense problem. It is to be avoided if there is any way of avoiding it without the loss of our self respect, but if it cannot be avoided every member of the Chamber of Commerce of the United States as well as every other citizen of the nation must give himself whole-heartedly to the task. A greater obligation rests, perhaps, on the members of the National Chamber than upon others because the members of the Chamber should be better equipped in many respects for rendering service than many of their fellow citizens.

If the time has come when talking must cease and action take its place, I trust that such lessons as we have learned during our consideration of the subject of preparedness may be of value to the nation.



MONTHLY SURVEY OF THE NATION'S BUSINESS

By ARCHER WALL DOUGLAS

GENERAL business conditions continue in large volume with no apparent diminution in sight. All classes of manufacturers are snowed under with more orders than they can handle promptly and this condition tends to become accentuated because of continued scarcity of both raw and finished material, congestion of transportation, and the general low efficiency of labor.

The problem of the course of business in the near future is complicated by the uncertainties of possible entanglement in the European war, and by the question as to the effect that continually advancing prices of commodities must ultimately have upon demand. It has been generally recognized for some time that there is a point where prices will overtop purchasing power to the extent of lessening demand, and that this will prove the crucial stage, marking the ebbing of the tide in the present unparalleled business activity. The fact of such wide-spread recognition of the recession in prices which must inevitably occur is in itself the best possible harbinger of the stability of business conditions. It has already bred a wise conservatism in business life which avoids speculation and undue commitments, and seeks to limit its purchases to carefully calculated wants.

There is furthermore a strong likelihood that deferred investment construction and development work, postponed because of present abnormally high prices, will be put into execution when a more reasonable and favorable plane of values prevails, and thus prove a strong support in a declining market. Meanwhile there is but little appreciable check so far in general buying. Despite this liberal spending the reports of bankers tell of steadily mounting deposits.

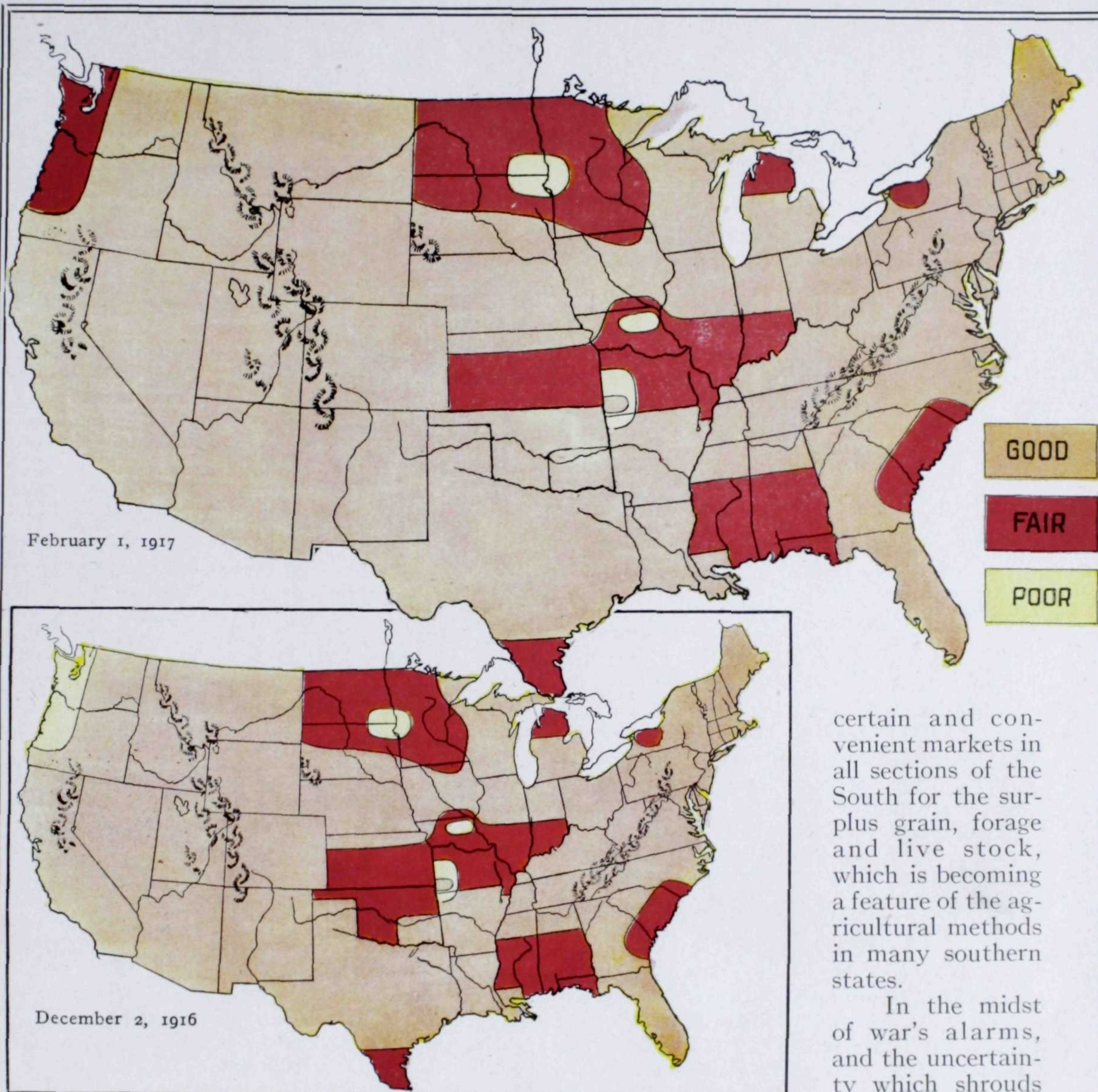
Two other matters in the world of business are at present of great moment: First, the universal confidence felt by the average business man in the strength and potency of the Federal Reserve Bank and its working, and the feeling that never again shall we experience these disastrous financial cataclysms which in the past seemed an inevitable concomitant of commercial history in this country. Second, the unconcealed appreciation by the agricultural world of the Farm Loan Act, for the toilers of the field feel that at last they are coming into their own as responsible members of the business world and are getting their place in the sun.

The oil producing districts of the country are enjoying great prosperity because of higher prices and plentiful demand. The growing use of oil for fuel in many forms and the steadily increasing demand for gasoline raises the constant and serious question as to the future of the oil supply. While it seems logical that even the present enormous deposits must in time be exhausted, yet the story of the past is of constantly new sources being discovered when the old ones gave out. The general prospecting for new oil fields makes a large call for pipe, tubing and many items of hardware. It is an interesting side light on the situation that the perfecting of the mechanism of oil stoves for cooking purposes is resulting in oil stoves almost entirely superseding gasoline stoves, save in the cheapest forms.

Business conditions on the Pacific Slope in Oregon and Washington evince slow but gratifying improvement, though the important lumber interest still suffers from lack of adequate transportation to market. The increase in shipbuilding in that section, and the volume of Alaskan business are accountable for much of the improvement.

Portions of the Central South still feel the serious results of the tropical storms of last summer and fall in ruined crops, but even in such sections there is general optimism that the worst has been experienced, and that with crop diversification, high prices of the great staple, cotton, and the steady increase in stock raising, the permanent prosperity of the entire territory South of Mason and Dixon's line is assured.

Indications are generally for the production of such grains and forage as the South needs for its own consumption. There is a growing recognition of the need of more



certain and convenient markets in all sections of the South for the surplus grain, forage and live stock, which is becoming a feature of the agricultural methods in many southern states.

In the midst of war's alarms, and the uncertainty which shrouds the future, there

is the cheering assurance that the great body of the agricultural world—the strength and foundation of all national well-being—is upon the solid basis of increasing intelligent endeavor and initiative. The American farmer is to-day the most efficient productive unit per man of any tiller of the soil in all the world. To this efficiency there is constantly being added a searching analysis of the problems which confront him and a broader vision of the possibilities of his task and its accomplishments in the near future. The Federal Department of Agriculture and the Agricultural Colleges of the State Universities offer to him, without money and without price, all the resources of science and experimentation.

With these opportunities there has come to him a growing pride and sense of responsibility of his place in the general scheme of things. Life on the farm has added attractions because of growing accessibility to books, music, household matters of sanitation and comfort, while automobiles and an increasing (Concluded on page 35)

"From Battle and Murder, and From Sudden Death—" A Profound Exposition of the Aims and Possibilities of the International League to Enforce Peace, Which Would Guard the World From All Wars

By WILLIAM HOWARD TAFT

I HAD prepared this material before Germany startled this country and all neutrals by her last note. In spite of her great strength and marvelous efficiency Germany's manifest weakness has been in a failure to understand other peoples and to appreciate the moral forces working in them. She may not know the spirit of the good natured, tolerant war-hating giant she would challenge. She may overestimate, as she has done before in the case of other nations, the influence of sordid motives, of the inertia of comfort and of dissentient elements among us, which she may expect, to paralyze our action. She may shock us into a real preparation for war and the sacrifices it involves as nothing else can. She may push us at once into a League to Enforce a Just Peace.

The National Chamber of Commerce by more than two-thirds vote of all its members gave its approval to the first, second, and fourth proposals of the League.

Mr. Roosevelt, apparently without reading its proposals, denounced the League as "feeble folly" and as prompted by motives peculiarly base because it would enforce the judgment of courts of arbitration. Then upon learning that the proposals do not involve enforcement of judgments, he characterizes them as a "flagrant deception of the public." Senator Borah denounces the plan of the League to be "heinous, immoral and vicious." These are three formidable adjectives, of which one would seem adequate to carry the argument. The Senator, however, qualifies his words by disavowing intention to assail individuals. The Senator should look to his laurels in the field of verbal warfare and slaughter, because such leniency may exclude him from the class of epithetical statesmen.

With deference to the ability of our opponents to grasp our proposals by intuition, we submit that before they are contemptuously rejected, or scattered into bits by verbal lyddite, they are entitled to study. With the hope of satisfying you of the

National Chamber of Commerce that in supporting the League you are void of offense, I ask you to consider the purpose of the three important proposals, how they work into each other, why we have not gone further, and why we thought it necessary to go as far as we have.

The purpose of the League is to organize the World's strength into an International Police to enforce a procedure with respect to issues likely to lead to war, which

will prevent all wars but those which nothing can prevent.

The procedure to be enforced is the submission of questions of a legal nature, the decision of which must be guided by rules of law, to an International Court for its judgment, and the submission of all other questions to an

impartial commission to hear and decide, its decision to take the form of a recommendation of compromise. The judgment of the legal question by the court will be legally and in honor binding on the parties. That is implied in a submission to a court. The recommendation of compromise, how-

ever, is not in law or in honor binding unless the parties accept it. The League does not propose to enforce either. Sometime if the League comes into successful operation, it may be thought well to enforce judgments just as domestic judgments are enforced. The difficulty, however, that even the Supreme Court of the United States has in enforcing its judgments against sovereign states may give pause in taking that step. The enforcement of recommendations of compromise presents a still more serious problem. Nations may well hesitate to submit questions of policy and vital interests to the unlimited discretion of arbitrators, unguided by settled principles of law, for their final decision, and its enforcement by the World Police.

Practically if we enforce the procedure of the League, we shall take a step which will rid us of most wars. If every issue between nations is forced to arbitration and judgment or recommendation of compromise, it will compel deliberation by those who think of war,

it will enable the quarreling peoples to understand what it is they are to fight about, and what the attitude of their opponents is. The decision of impartial tribunals can not but have great influence, and will form the public opinion of the world. The period of delay itself will abate heat and induce calmer views. It is the successful practice of arbitration that leads to its adoption. The first half

century of our peace with England, after the treaty of Ghent, was full of strains upon our peaceful relations, culminating in those of the Civil War. Then through the Joint High Commission of 1871, we had the two arbitrations, one of the Alabama Claims, in which England was mulcted for \$15,000,000, and the other of the Fisheries claims, in which we were penalized to the extent of \$5,000,000. These gave us to know the real

WE are not subject to criticism because we have availed ourselves of an opportunity to make money out of this war. We were not responsible for its beginning and we had the right to make a profit out of the enormous demand which it created. But the fact that we have been able to add billions to our wealth because of the woe and the suffering and the blood and the sweat of our brethren in Europe ought to bring home to us and make us sensitive to our obligation to aid them in avoiding a recurrence of such a horror.

THE success of the Monroe Doctrine for now ninety-three years without our firing a shot shows the effect of a threat of force upon the conduct of the world without the necessity for its exercise. The great power of the League of the World and the International police would afford for the maintenance of its policies a far greater sanction.

utility of arbitration. England did not like the Geneva Award, we did not like the Halifax Award. But we both played the game according to rule and paid the money. Since that we have had arbitrations with Canada over many questions and now we have a permanent Tribunal for settling disputes over boundary waters and another for money claims. The effect of these arbitrations has created a habit between the two countries. No one imagines a war between the United States and Canada. If an issue defies negotiation, every one looks to a peaceful settlement. This is because it has been tried so often and because we have grown used to winning and losing. A willingness to arbitrate only when one is sure of winning is not the spirit which makes arbitration a useful means of settling disputes. That is the trouble with many who oppose agreements to arbitrate a class of questions hereafter to arise. To make arbitration useful, the state of mind of nations in regard to arbitration should be that of the strict and orthodox Puritans, that one must be willing to be damned if he would be saved. Practice in arbitrations produces this state of mind and this confidence in the method. The League enforces this practice, the educational effect of which upon nations in showing the possibility of such peaceful settlement of disputes will be invaluable. The procedure will become as of course and the habit of such settlements will be formed.

But the pacifist asks why use force at all. Why is not a general agreement by all the world to arbitrate enough? The belligerent nations will not regard mere promises an adequate guaranty. They will insist on adding as a sanction the fear of International Police. Every domestic community, however law-abiding its citizens, provides a police force to suppress disturbers of the peace. Many people would never create disturbances, but others would do so, unless they knew that police representing the full power of all for the common good would restrain them.

The potential existence of a police force of such overwhelming nature as the united armies and navies of the world would furnish, and the threat of destructive isolation by a withdrawal of all commerce with all neigh-

bors, would, except in rare cases, accomplish the purpose of this organization of world force without its use.

A SECOND reason why the agreement to contribute to an International Police force is a great improvement over a mere general treaty to arbitrate all differences between all nations is that where no force is behind a

treaty as a sanction, no one is especially interested in the performance of the treaty except the two nations who have a difference.

If one of the two nations fails or refuses to arbitrate as agreed, the other nations, though signatories to the Treaty, look on and are sorry but they have no responsibility or motive which leads them to exert pressure upon the recalcitrant nation. In our League, however, every member in order to avoid contributing to the Police, is deeply interested to secure peaceful compliance with the procedure. This motive will arouse a World Public Opinion, having an ever operating and selfishly active influence. The diplomatic pressure that all those not in the quarrel will thus bring to bear on those who are, will be most effective to prevent hostilities.

The proposals of the League do not expressly include a provision for the reduction and limitation of armaments of all nations, but it is a necessary corollary to the League plan. In maintaining an adequate police force, each nation might reasonably be required to be prepared to furnish its normal quota determined in kind and

number by its geographical position and its resources according to a treaty rule. The step from this to a reduction and a limitation is a short and logical one because such a result will reduce the size of the needed world police force. Germany, who defeated such a limitation in the First Hague Conference, now intimates her willingness to acquiesce in it and certainly all the other nations concur.

Objection is made that the United States in joining such a League will violate the advice and example of Washington and Jefferson as to entangling alliances. Neither had a conception of the plan of a World League or of the present conditions making it wise and necessary. I agree that the League will be a change of policy here-



© HARRIS & EWING

Mr. Taft and his smile—which is not in evidence when he warns other nations not to go too far in provoking “the good-natured, tolerant, war-hating giant” of the United States.

tofore maintained by us, but it will be a change by enlargement and growth to meet new exigencies, and not a departure in principle. In 1823 we adopted the Monroe Doctrine involving a possibility of complications with Europe which properly gave our statesmen great concern. Jefferson and Madison were in favor of our maintaining an alliance with Great Britain in order to enforce the Doctrine. Yet Jefferson was the inventor of the phrase "entangling alliances." The fact that such an alliance was for a high purpose and the common good in his mind evidently prevented its being an "entangling" alliance. The Monroe Doctrine was adopted by us in our then lack of strength with far greater risk than any we would face in the League. The Doctrine was proclaimed because of the danger to the United States which we feared from proximity of European intrigue against our independence and form of government. Now Europe and the rest of the world have been brought so near us not only by a speed of transportation and communication, but by the extension of our interests to the Pacific, to Asia, to South America, to the West Indies, that we no longer enjoy isolation. We are now quite as likely to be drawn into European and Asiatic difficulties as we were likely to be injuriously affected by European interposition in South America in the days of President Monroe. President Wilson has said that in the next world war, there will be no neutrals. If the science of killing men and destroying countries improves in the next war as it had in this, he is fully justified. We may well join the League as a protection.

IT is said we abandon the Monroe Doctrine and imperil our policy of immigration and neutralization in joining the League. How? Either of these questions if involved in dispute must go to the Commission under the second proposal, for they are not questions of a legal nature. The Monroe Doctrine does not grow out of rules of International Law. It is a policy to be pursued in our own interest and to be maintained by us by force if questioned. No nation can deny our legal right to exclude whom we will from our shores, or to deny to whom we will our citizenship unless we have contracted these rights away. If it is said that such questions might nevertheless be held by the International Court to be of a legal nature, they are so clearly not in that category that a specific provision defining them as non-justiciable issues could, doubtless with the consent of all the powers, be inserted in the Treaty. If therefore we do not accept the recommendation of compromise, on the Monroe Doctrine or our Immigration policy, honor will not require us to acquiesce in it. Thus we shall be no worse off as to such issues than if we had not entered the League. Neither the delay nor the hearing would prejudice us because we are now under treaty obligations with most of the world not to begin hostilities for a year after the issue arises, and to have an investigation by an impartial tribunal meantime.

The League instead of being an abandonment of the

Monroe Doctrine will aid in its maintenance because violations of the Monroe Doctrine beginning with threatened hostilities by a European or Asiatic power against one of the American Republics would be halted by the League with an examination of the ground of quarrel by a Court or Commission.

THEN it is said that the League is unconstitutional in that it will turn over to a Council of representatives of all the world power to plunge us into war, whereas the Constitution vests Congress alone with the power to declare. This is a misconception. We enter into the treaty through the treaty-making power of the President and the Senate. The treaty binds us in a certain event to contribute our share to a world police force and thus help to restrain or suppress the beginning of war in violation of the terms of the League. Our Nation must perform this obligation in the way enjoined by the Constitution. That is, Congress must act by proper declaration, furnish the force and authorize the Executive to act. The course is exactly the same in a National promise to pay money to another nation. The treaty-making power makes the agreement, and when the time for per-

formance arrives, Congress must make the appropriation. In either case Congress may refuse to do so and thus break the obligation which honorably binds the Government, but the original agreement is not therefore unconstitutional. If Congress recognizes the binding force of the obligation, Congress must still determine and is the only power which can determine whether the event has occurred which requires the United States to furnish its quota of police. Therefore, the League is neither unconstitutional nor does it put in the hands of a Council of foreign nations to plunge us into hostilities unless Congress decides that under the League the time has arrived for us to take action. Of course no one would wish that the United States would join a League of this kind with its momentous consequences, unless not only the treaty-making power but Congress and all the people understand what the League is and what risks and burdens it would impose on us, and with their eyes open approve the contract so that they will carry it out when the time comes. That is why we of the League are attempting to spread the propaganda and why we welcome the discussion of the issues which our proposed joining it raises.

UNDER the conditions which exist, has the United States the moral right to decline to join a League organized to maintain the peace of the world because it may involve it in some risk? We have one hundred millions of people, of the highest average intelligence, of great solidarity and homogeneity. We have greater variety of resource within our continental boundaries than any other country. We are by far the richest nation in the world. We have a brave and determined people and are making preparation for war in order to resist the unlawful aggression of any nation in Europe.

I DON'T see how any pacifist who believes in a police force in a domestic community can object to the application of the same principle in community of nations. Nations are not more moral or peaceable than the average citizen and the necessity for restraint of them to avoid war certainly is not less. The existence of a police force and the power to call out the militia and to invoke the aid of the army of the United States generally secure public order without their actual mobilization or use. "They also serve who only stand and wait."

Such adequate preparation will enable us to meet any call the League may make on us. We occupy a position of neutrality in the sense that we have belonged to no offensive or defensive alliances in Europe, and we stand indifferent between all the nations of other continents. The war will have reduced the power of all the European nations engaged in it. It will have cut down the flower of their youth. It will have destroyed in the thousands of miles of its train homes and industries of inestimable value. It will have burdened all the nations with debts unprecedented in history, and with an annual interest charge well-nigh impossible for them to meet. It has thus greatly increased the primacy of the United States among the powers of the world. This with its known judicial attitude toward all the nations will give the United States an influence for good and for the maintenance of peace that it has no right to withhold in preventing another world war, and another disaster like this to the human race.

The making of a League probably depends on our willingness to lead the other nations into it. They will all have confidence in it if we join. Of course our first duty is to our people and our government, but our people have an obligation to do their share in promoting world progress, and when we have been blessed with such commanding power and influence, we should consider ourselves stewards in its exercise.

The President of the United States recently made a

most notable speech to the Senate on the subject of the war and the making of peace and the guaranties of peace after the war; and the question arises what shall be the attitude of the League in respect to his declarations. The League has consistently refused to take any part in movements looking to the ending of the war, not because its members were not interested in the bringing of that struggle to an end, but because they believed it was the wisest course, in order to accomplish its ultimate purpose, not to have to do with the issues necessarily involved in discussing peace. They felt that they might secure support for their project from many who differed as to the character of the peace to be made. The League still maintains that attitude. The President's functions of course cover a far wider field than that which the League has marked out for itself. He may properly act as a mediator between the warring nations and seek to bring about a peace that shall end the present horror, and in so doing it is of course proper for him to suggest the kind of peace and the details which he hopes may attract the acceptance of the parties. With respect to that part of the speech, the League to Enforce Peace takes no stand, however much its members may sympathize with, or differ from, his views. The League does, however, commend in the highest degree the advanced and courageous and patriotic position that the President has taken in urging that the United States lead in forming a world league to enforce peace in the interest of mankind.

Our Referee Body Approaches Its Second Birthday

Some of the Doings of the Federal Trade Commission Whose Big Stick Is To Obtain Justice for Business Men at Home, Across and Upon the Water

By HARRY A. WHEELER

PROBABLY no one is better posted on this subject than Mr. Wheeler. As Chairman of the Federal Trade Committee of the National Chamber working with such men as Rush C. Butler, Chicago; Joseph P. Cotton, New York City; Alfred B. Koch, Toledo; W. L. Saunders, New York City; Henry R. Seager, New York City; Alexander W. Smith, Atlanta; Guy E. Tripp, New York City and I. C. White, Morgantown, W. Va., he has watched closely the development of the Federal Trade Commission idea and presents here what it has accomplished in its two years of existence as well as what it promises to do in the future.—Editor

THE Federal Trade Commission has now been in existence for almost two years as one of the instrumentalities of the federal government. Almost three years ago the members of the National Chamber in referendum declared for a trade commission and in February, 1915, delegates assembled in Annual Meeting, created a Federal Trade Committee to extend to the new commission a spirit of cooperation.

This is a timely occasion for a sketch of the accomplishments and promise of the body founded on initial achievements.

The Trade Commission comes into more intimate and more comprehensive relations to commerce and industry than any other official body. Its jurisdiction is the whole of interstate and foreign commerce. This is the great field of national activity which was very largely made the center around which the Constitution was drafted. Critically important one hundred twenty-five years ago, it has in the last two generations taken a

constantly enlarging place in the affairs of every one of us. Multiplying means of communication and transportation have given a national character to more and more businesses, whether of manufacture or of merchandising. This process goes forward with all the successes of engineering, science, and business management. Interstate and foreign commerce—our national commerce—are destined to have even a larger role in our immediate future than in all of our past.

THE whole of this field of national commerce the Trade Commission is directed in its fundamental statute to scrutinize. Wherever it finds unfair methods of competition it is authorized to stop them. Regarding any of our industries and any of our fields of national trade it may conduct investigations, and upon the results of its studies it can make recommendations to Congress for legislation. When the courts have acted in accordance with legislation we already have for the purpose of preventing monopolies and restraints on trade, the Commission may assist the courts in determining how they should proceed to readjust industry and when the courts have issued their final decree may observe their actual results. Other federal commissions and officials deal with banking, collection of taxes, occasional compilation of statistics, the volume of our foreign trade, regulation of vessels that use our waterways, and the like. Their

duties are relatively specific, in connection with facilities of our national trade, or some of its parts. The duties of the Trade Commission, on the other hand, are comprehensive of the whole field in which there is national public interest.

Comprehensiveness may have its disadvantages. When the Trade Commission organized, however, in March, 1915, it found at hand a very concrete if very extensive subject for its attention—the conditions which American business men must meet when they go into the markets of the world outside the United States either as sellers or as purchasers. Gathering a great amount of information from business men, both through hearings in a number of the larger cities and by means of questionnaires addressed to thousands of business houses and enlisting cooperation from other parts of the government, such as the Consular Service and the commercial attaches of the Department of Commerce, it proceeded to draw conclusions and to formulate a policy which it could recommend to Congress for enactment into law.

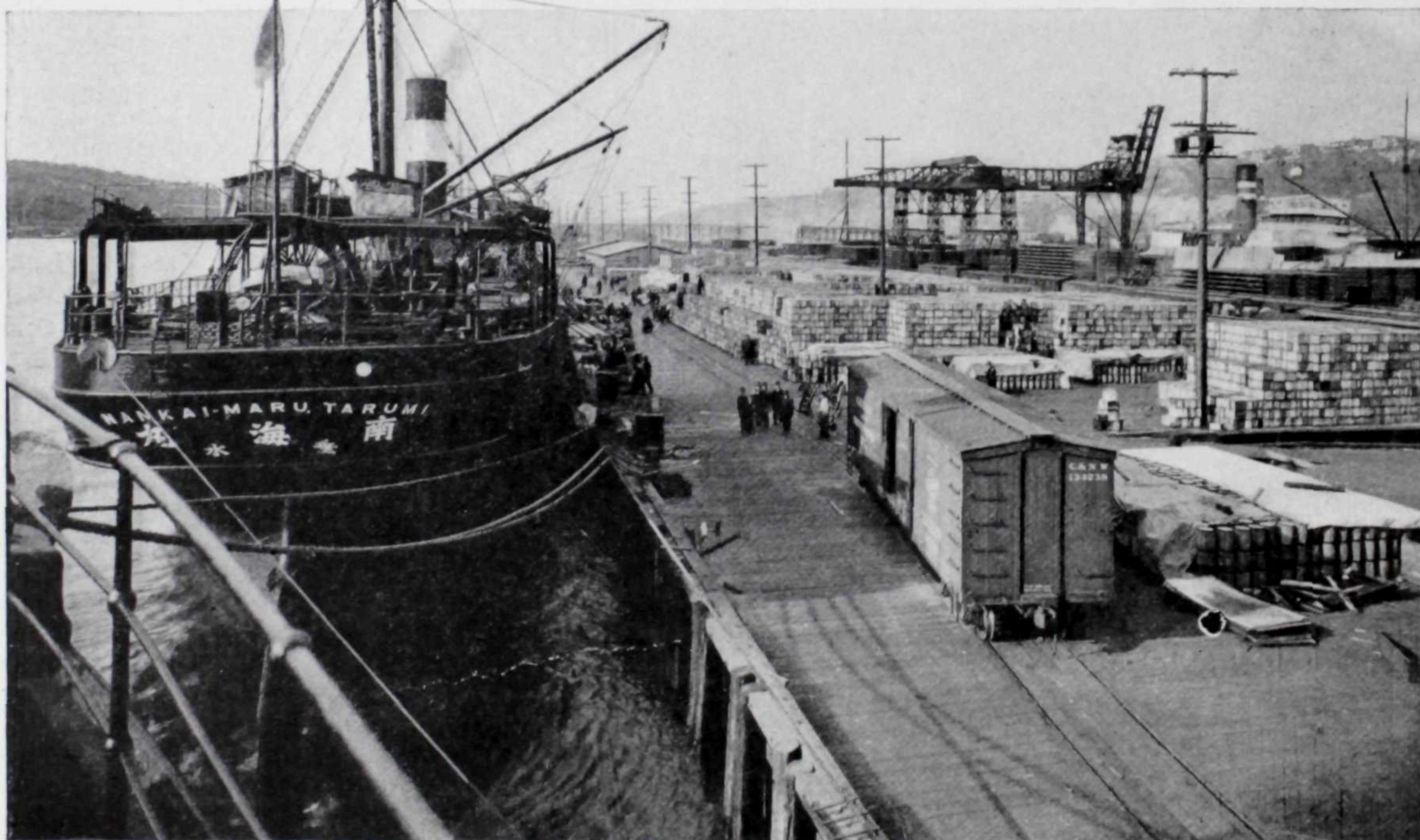
THE conclusions of the Commission and its recommendation will bear restating. Other nations, it says, have marked advantages in foreign trade not only from superior facilities but from more effective organizations, whereas doubt and fear as to legal restrictions prevent Americans from developing equally effective organizations for foreign trade of and producers, particularly smaller concerns, suffers. The result is that the American manufacturers and producers, particularly smaller concerns, suffer. The policy upon these

conclusions, and declares that in order to encourage cooperation in export trade among competitors as well as among noncompetitors Congress should remove the present doubts by declaratory and permissive legislation, at the same time making it clear that combinations for export trade are subject to all the rigors of the Sherman law if they are used to restrain trade within the United States.

A bill for just this purpose has since been introduced in Congress, has passed the House, and is now being pressed for passage in the Senate. Whether or not this legislation is forthwith enacted, the recommendation of the Commission illustrates its ability to present reasoned policies for adoption in our federal legislation affecting the conduct of American business. The value of a governmental means for arriving at such policies at a time of world-wide disturbance, and in preparation for international conditions which will follow the European war, is apparent.

The general study of conditions in export trade the Commission supplemented and made more concrete through an investigation of trade conditions in South America, acting upon recommendations of the Pan American Financial Conference which met at Washington in May, 1915.

Export trade was not the only subject to which the Commission early turned its attention. By holding conferences with men engaged in many industries, the Commission obtained a fund of information about the conditions and the problems which exist throughout the country. The extent to which the Commission has gone in holding these conferences appears from mere num-



A dock at Seattle piled high with goods destined for Vladivostok. You will notice that the steamer is *not* flying the Stars and Stripes. Russia's Pacific port received \$9,000,000 worth of goods during the first eight months of 1914. During the first six months of 1916 her imports were \$344,000,000. Over half of this was from the United States.

bers. For instance, there were 114 such discussions in the first three months after the Commission came into existence.

In many of these conferences the Commission was asked for its opinion about the law upon situations which were described. The formal way in which the Commission has responded has been through interpretations of the laws which it has to enforce. These opinions about the meaning of the Trade Commission Act and the Clayton Act have been published to the number of some forty-nine during the past year. The meaning and scope of the prohibition against unfair methods of competition and the circumstances which involve the public interest are gradually being made clear. In the near future a series of interpretations is promised regarding the provisions of the Clayton Act about intercorporate ownership of stock and interlocking of officers or directors where commercial competition is involved. In this way the Commission is working out the lines of a national policy regarding internal trade, a policy by which every one may definitely test his own enterprises and plans and which will be certain in applying both correction and encouragement.

Out of conferences with men engaged in the industries of the country have grown extensive studies of some industries, and undoubtedly more will follow.

Conditions in the lumber industry have for years been before the public. There have been simultaneous complaints of high prices from consumers and statements of depression in the lumbering regions and of competition from abroad. Retail lumber dealers have found themselves in the federal courts charged with violation of the Sherman Act, and lumber manufacturers have seen themselves stigmatized in the press and in legislatures as "trusts." At the same time a part of the public has been urging closer conservation of our natural resources in timber. Obviously, there has been great confusion detrimental alike to the lumber industry and the general public, and only a thorough-going determination of the facts could point the way to a rational public policy toward one of our great fundamental industries.

To the lumber industry, therefore, the Trade Commission early turned its attention, in fact inheriting its study from the Bureau of Corporations which it succeeded. It at once obtained hearty support and cooperation from the lumber industry itself and had the assistance of the Bureau of Foreign and Domestic Commerce and the Forestry Service, the one because of its interest in export trade and the other on account of technical equipment.

The Forest Service on January 24 published the results of its inquiries into ownership of timber and production of lumber and conditions of distribution in the Middle West. It draws conclusions, but the Trade Commission reserves its recommendations of a national policy for a report of its own which it has announced as in preparation. In the instance of this industry, as in the case of conditions in export trade, the Commission has taken up the task which was meant for it, the function of being our first governmental body charged with a duty of arriving at national policies at once comprehensive and definite in relation to our commerce, internal and external—policies, too, supported by statements of fact which can form a basis for intelligent criticism or advocacy and so center public discussion, not upon wholly inconclusive contro-

versies over facts, but upon the course which will best promote public welfare.

Several of the other agencies of the national government from which the Commission has obtained assistance have been mentioned, but the list is by no means complete. The very terms of the organic law of the Commission contemplate cooperation with the Department of Justice in relation to enforcement of anti-trust laws, and this desirable arrangement has been carried out in a spirit intended to give the fullest effect to ameliorative methods of procedure and with a purpose to meet the general desire of business men to conform to the laws of the land. A year ago the Attorney General after interviews with the National Chamber's Federal Trade Committee issued a statement in which he pointed out that doubts about the application of the Sherman Act would probably be greatly reduced by decisions of the Supreme Court in some five cases, which may now be determined before the summer of 1917, and indicated the circumstances under which the Department of Justice would seek the assistance of the Trade Commission. That the Commission may on its part seek assistance from the Department of Justice was made apparent in December when it invited the Attorney General to have members of his staff examine information the Commission had collected regarding the manufacture and distribution of newsprint paper.

COLLABORATION in other directions has proved possible, too. For example, the Federal Reserve Board has announced that it has under consideration some consistent basis of cooperation with the Trade Commission in an effort to standardize the work of public accountants in preparing adequate and correct statements upon which manufacturers and business houses obtain credit at banks. In studies of foreign trade, bureaus of the Treasury Department have helped with information. The Office of Markets in the Department of Agriculture has supplied data regarding agricultural associations and their operation. The Interstate Commerce Commission and the Trade Commission have worked together in studying transportation of petroleum through pipe lines. These instances of cooperation with other agencies of the federal government emphasize the possibilities of the Trade Commission in marshalling all the resources of the government for the study and solution of national business problems.

To the assistance which business men have already given, and may be expected to extend in the future, the Commission itself testifies. Its own words are:

"The Commission is convinced that the law has drawn the attention of business men throughout the country to the creation and observance of proper standards of commercial morality. In the enforcement of the law the Commission seeks to understand and make allowance for the difficulty of the problem, to see both sides of every case, to protect men in the furtherance of legitimate self-interest by all reasonable and normal methods, and at the same time to keep the channels of competition free and open to all, so that a man with small capital may engage in business in competition with powerful rivals, assured that he may operate his business free from harassment and intimidation and be given a fair opportunity to work out his business problems with such industry, efficiency, and intelligence as he may possess. To this end, the Commission seeks and has received the hearty cooperation of business men throughout the country."

A Peg on Which to Hang Industrial Efficiency

It's Vocational Education, and It Must be Dealt With as a National Problem

By HOWELL CHENEY

THE National Chamber of Commerce of the United States at its first annual meeting declared that the establishment of vocational schools of manufacture, commerce, agriculture and home economics throughout the land was imperative and that federal aid and encouragement were essential. Subsequently, in 1914, legislation was enacted for federal cooperation with the states in giving instruction in agriculture and household economics on the farms. The federal government is spending this year \$1,500,000 as its part of the joint expense which the national and state governments are bearing between them. The Secretary of Agriculture, himself an educator, has declared that the law of 1914 is one of the most striking educational measures ever adopted by any government, since it recognizes a new class of students, the men and women working at their daily tasks on the farm.

The law of 1914 was striking in another way, for it definitely adopted a policy of cooperation between nation and state in a matter where each has an interest—the efficiency and welfare of persons who are at once citizens of the states and citizens of the United States. In earlier years the federal government had given bountifully for the aid of education in the states, granting outright at least half a billion dollars in money and lands. From these free gifts many states derived their present school funds. The law of 1914, however, offered federal appropriations to the states only when they had prepared themselves to receive it for specific purposes, had formulated definite plans for expenditure, and had ready for use to the same end state funds at least equal to the funds to be received from the United States.

THIS principle of cooperation is about to be adopted by Congress for the establishment and maintenance of schools for vocational training in trades, in industrial occupations and in agriculture. Federal legislation of this sort was urged at the National Chamber's last annual meeting, and in referendum last May eighty-eight per cent of the votes cast supported a recommendation of liberal appropriations for promotion of vocational education.

A bill for liberal appropriations passed the Senate last July without a dissenting vote. The principles of this measure received the support of the President who, in addressing Congress on December 5, 1916, said that promotion of vocational and industrial education is of vital importance to the whole country, "because it concerns a matter, too long neglected, upon which the thorough industrial preparation of the country for the

critical years of economic development immediately ahead of us in very large measure depends." And he added, "I am sure there is no legislation now pending before Congress whose passage the country awaits with more thoughtful approval or greater impatience to see a great and admirable thing set in the way of being done."

In January, 1917, the bill passed the House with equal unanimity regarding the principle. There were differences between the two Houses of Congress, however, regarding some points the National Chamber has considered important.

How these differences will be adjusted ultimately cannot as yet be foretold, as representatives of the House and the Senate have not yet concluded their conferences regarding the final form of the bill. About some points, however, the Senate and the

House have no differences. To this extent, the nature of the law which will undoubtedly be law before March 4, 1917, can now be described.

IN the first place, the kind of education in question is made clear. Its controlling purpose is to prepare for useful employment, through courses of less than college grade in the trades, industrial subjects, agriculture, and home economics. Standards of efficiency are set. The students are to be persons of at least 14 years of age who mean to enter, or have entered, upon the occupations for which training is offered. In trade and industrial courses training for students who are not yet at work is to continue through nine months of the year, and at least half the time is to be devoted to practical work upon a useful and productive basis. For students who have already gone to work instruction is to enlarge civic and vocational intelligence and in evening schools is to supplement the daily employment.

House and Senate likewise agree upon the establishing of minimum qualifications of teachers, upon the administrative preparations to be made by the states, upon the requirement that states or local authorities provide funds at least equal to the allotment from federal appropriations, and upon the amount the federal government is to provide each year, increasing over a period of ten years from \$1,700,000 to \$7,200,000, and then continuing at this latter annual figure.

The point of substantial difference between the two Houses of Congress, and a point which has been considered of great importance by the National Chamber, relates to the auspices under which the federal government's great part in cooperating with the states is to be conducted. To administer national functions in vocational education

Seven months' consideration by the Committee on Vocational Education of the Chamber of Commerce of the United States of the question of vocational education as a national function is packed into this 1,800-word review of what the nation has done and is about to do in the way of training the youth of the land for their life work in factory, commerce, on the farm and in the home. Howell Cheney, of Cheney Bros. Silk Company, South Manchester, Conn., chairman of the committee, had associated with him: Frederick A. Geier, of the Cincinnati Milling Machine Company, and A. Lincoln Filene, of William Filene Sons Company, Boston.

the National Chamber has advocated a board that through its compensation will command great ability for its personnel, and that will be representative in its members of the interests which are vitally concerned, employers engaged in manufacturing, employers engaged in commercial pursuits, labor, agriculture, and education. Furthermore, in order that the federal board may at all times have intimate information about the needs of American industries, the Chamber has urged that it should be required by law to seek advice from persons actually engaged in the occupations in question, to this end suggesting that a series of temporary advisory committees be required each to serve for a short time only and to be succeeded by another representing the next industry or occupation to which the board might turn its attention.

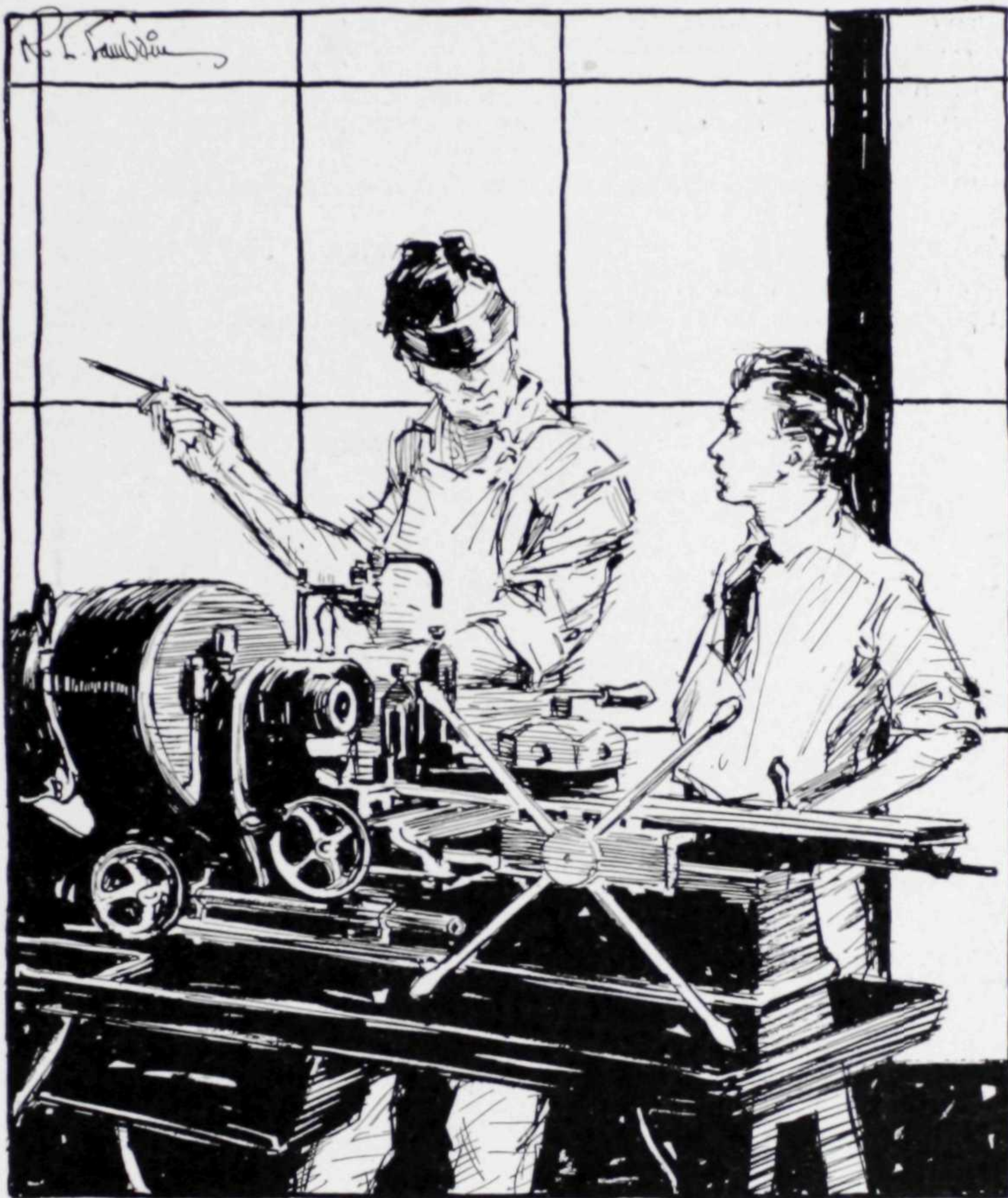
Some points are now settled. Apparently the salaries of any members of the federal board who are appointed to give their whole time to the affairs of the board will not exceed \$5,000. Furthermore, a series of advisory committees that would offer opportunity for men really representative of each industry to give to the board the benefit of their experience and practical knowledge may prove out of the question, for the House made no provision for advisory committees and instead of a series the Senate authorized the board to select, in its discretion, a permanent advisory board of seven. The conferees are not likely to go further than either House has gone.

THE important question that remains undetermined is the manner in which the federal board is to be created. The Senate said it should be composed entirely of Cabinet members, with a subordinate body of five highly paid employees. The House voted for a very different board, one much more closely resembling the board advocated by the National Chamber; for the House stands for four lay members, of a representative character, for the interests most vitally concerned, and but one member ex-officio, the Commissioner of Education.

The final outcome of the adjusting processes that must occur between the Senate and the House before they reach an agreement cannot very well be foretold, but it seems probable that the board of control will be a composite, some members ex-officio and some appointed by the President.

The importance of the federal board and of its personnel becomes apparent when one recalls that although state authorities are to initiate the plans for vocational

education, and are to expend the appropriations, the federal board will guide development through standards of instruction and achievement. It is to inspire and enforce higher results by investigation and studies. Its executive functions, while necessary, will be incidental to its more vital duties in deciding whether or not proposed plans can achieve the purposes of the federal statute. By far the major portion of its labor will thus be a creative field nurtured by legislation which seeks to attain ideals of research, investigation, and actual practice through cooperation, inspiration, and advice rather than by the more rigid mandates of



law. It is a field that offers limitless possibilities for good, if purposes are clearly kept in view and energies are not dissipated through contrary influences of specialists or through too much study and investigation of a kind that never matures into practical realities.

This legislation will fail of its ideal, if not of its practical purpose, if it does not stimulate the states to undertakings far in excess of the amounts appropriated by the federal government. It will fail of its purpose if it does not bring to the aid of vocational education the inspiration of a broad and scientific research upon the most successful and recent experiences in vocational education which will relieve the subject in part from the clouds of mistrust and doubt now surrounding it. Finally, it will fail of its purpose if it does not exert an influence far-reaching in its effect towards making all public education more democratic; if it does not open up broader opportunities of advancement to an infinitely greater number and range of pupils.

Old Sol Does The Job Better Than The Midnight Incandescent

In Europe, at Any Rate, So Why Not Let Him Try His Hand in the U.S.A.?

By ROBERT GARLAND

THE proposal to "save" the daylight by readjusting the hours of work and recreation so that they will contain a maximum of sunlight rests upon considerations physiological, economic and social. It would substitute a cool morning working hour in summer for a warm afternoon hour. In winter, while it might place breakfast before sunrise, it would bring a greater amount of daylight into the working hours at the end of the day.

The resultant improvements in working conditions would be great. Increased daylight in the hours of greatest fatigue would tend to lessen tuberculosis, reduce eye strain, increase personal efficiency, and materially lessen industrial accidents. The advantage of having the evening "rush" hour in cities, when transportation facilities are taxed, come in daylight is apparent.

Hours in sunlight after the end of the workday will confer even greater benefits. Responding to a public demand which has practically become a national policy, facilities for healthful outdoor recreation have on every hand been multiplied for all classes. In 1915 American cities spent \$21,000,000 to maintain their activities in promoting recreation. For this purpose New York used seventy cents per capita of its population, Chicago \$1.20 and Boston \$1.84. Although perhaps not yet keeping pace with Europe, our cities have invested large sums in land for parks. The significance of the purpose of such investments may be indicated by estimates which declare that in less than twenty years Central Park in New York City added \$183,000,000 to the value of land in its vicinity. Counties and other local districts, as in Massachusetts and New Jersey, have undertaken to provide attractive places for outdoor recreation. A number of states have done likewise, and the federal government, selecting tracts of most uncommon scenic beauty, has dedicated more than seven thousand square miles to public recreation. An additional hour of daylight will not enable any one individual to make use of all these facilities for his healthful pleasure, but it will give him increased opportunity for greater use of those nearest at hand. The use of facilities for recreation,

Mr. Garland's conclusions command consideration, because, with Paul W. Brown, A. Lincoln Filene, J. P. Hardy, Eugene U. Kimbark, T. C. Powell, Edward D. Page and Harper Sibley, he has made a careful study for months of every phase of the subject.—Editor.

especially by the classes that work longest hours and most need them, would be tremendously increased, with results in health and physical stamina which would redound to the advantage of the whole community. There would be great benefits, too, from the increased opportunities for use of means of education, direct and indirect, which in recent years have been greatly augmented for the period after the workday has closed.



Time should be man's slave, not his master

THE social life of the nation also would benefit. The hours for companionship among members of families would have greater value, and there would be more opportunity for cultivation of all the useful and desirable activities and interests which engage our attention outside our vocations.

From such benefits as these, economic advantages inevitably flow. Improved physical health and social welfare increase the efficiency of every individual at his daily tasks. Furthermore, there would be large direct savings in expenditures for fuel and artificial light.

The advantages would extend to all parts of the community. Farmers would have an opportunity to market their produce earlier, thus offering it in better condition and gaining an hour of daylight for other work. Transportation companies would move a larger part of their traffic in daylight, thus increasing efficiency and minimizing danger of accidents. Shopkeepers and their employees would avoid an hour of darkness. Office people would work under less artificial light.

There are no serious scientific objections, according to eminent astronomers. Meridians of longitude are made for man, and not man for meridians, and the clock is a mere symbol representing intervals of time according to standards which are largely arbitrary.

Of the practical results of the proposal there has been during the last summer demonstration in Europe, where it was adopted during the summer months by Austria, Denmark, England, France, Germany, Italy, Holland, Norway, Portugal, and Sweden. There seems to be no doubt that the same plan will be put into effect next summer, and that efficiency was increased in all parts of the population and important savings in fuel and

illuminants were accomplished at a time when the belligerent countries were conserving their resources to the utmost extent possible.

THERE has been successful experience in the United States, too. Cleveland and Detroit in 1914 set their clocks an hour forward. Officials and commercial organizations in these cities testify that the change was made without the least difficulty and has met with universal favor. The action of these cities independently of other communities in their vicinity has probably owed a part of its success to the fact that they lie in the eastern part of the zone of central standard time and consequently near the zone of eastern time, which they adopted.

It seems preferable that clocks should be advanced one hour and permanently kept ahead by that interval, but, if such a plan should not prove feasible, they could be advanced one hour on April 1 each year and turned back on November 30.

The greatest amount of daylight now utilized in our active hours comes between the equinox in March and the equinox in September. Accordingly, the proposal would confer its greatest advantages between these dates. In the United States with its large centers of railroad transportation and hundreds of trains in motion at all times, two changes of time a year, even if made at moments of minimum railway traffic, such as midnight on a Sunday, might cause some inconvenience. Traffic is to a degree seasonal, however, and schedules are frequently changed about April 1 and November 30, ordinarily on a Sunday. Accordingly, if the advantages of the proposal do not appear material enough during winter months to warrant an all-year change, and "summertime" alone is to be adopted, as in European countries, the two changes of the clock should come at the seasons when our railways now generally re-adjust their schedules.

Whatever the plan adopted, whether the clock is advanced once for all or is changed twice each year, the change should occur simultaneously in all parts of the country. Otherwise, confusion would arise and we would return to the unfortunate state of affairs which existed before

"standard" time was generally adopted in 1883 upon the initiative of the railways. Standard time, it will be recalled, rests upon concerted action upon the part of the railways and not upon any enactment of Congress. Uniformity could be obtained by an act of Congress establishing the time for each part of the country as one hour in advance of the present standard time. That Congress has authority under the interstate commerce clause of the Constitution and the clause regarding establishment of postoffices and post roads there seems no doubt.

THE industries and the workers of Great Britain derived much benefit from the "Daylight Saving" act of 1916, according to the unanimous opinion expressed by fifty chambers of commerce in answer to questions submitted by the Association of Chambers of Commerce of the United Kingdom. The act was decidedly popular and of great advantage to the industrial classes, especially in densely populated manufacturing centers, and caused no difficulties to industries as a whole.

All of the chambers reported that workers had taken advantage of the extra hour of daylight for various outdoor pursuits, especially the cultivation of garden plots. Public recreation grounds were more frequented, bowling greens more popular, and tram services more used in the evenings. This has undoubtedly exercised a beneficial influence upon health, although many persons have had to work longer hours. Better "staying power" was traced in some measure to the increased opportunity for recreation.

There has been a considerable saving in artificial light, as shown by the decreased revenue collected by municipal lighting authorities. While the war-time lighting restrictions accounted for this in part, the chambers credit "daylight saving" with a large proportion of it. The City of Edinburgh, for instance, cut down its gas and electric light bills by more than \$50,000. In some cities the saving was estimated as high as 25 per cent.

FORMERLY the work-day generally began much earlier than at present, and the evening meal usually came at an hour of daylight throughout the year. Development of improved illuminants probably had its part in changing our habits; at present we sleep through many hours of daylight in the morning, begin our conscious day late according to sun time, and during a good part of the year have our evening meal and our period of recreation and leisure after night fall. In effect we throw away daylight and substitute for it artificial heat and light which are but inferior derivatives of the sunlight we thoughtlessly discard.

Our workday has not only taken such a position that it deprives us of sunlight in a part of the day which has great importance for human efficiency but it also interferes in our business relations with Europe, the part of the world with which we have our closest relations. Business offices in the eastern part of the United States open at a time when it is two o'clock in

the business day of London banks and exchanges. When it is nine o'clock in the morning at New York and Philadelphia, it is within six minutes of three o'clock in Berlin, and four o'clock in Petrograd. In Chicago the difference in time is one hour greater.

It seems highly desirable, therefore, that Congress should exercise its power because of the national advantages which would accrue and the necessity of a uniform system of time throughout all parts of the country.



The only sufferer will be little Archibald, who will have to go to bed an hour earlier

Reading Maketh the Full Man

WHAT are you learning, day by day, outside of your own office, your newspapers, and the contacts of a few committee meetings? How much have you done to help your employees acquire knowledge that will make money for themselves and you? Can you turn your eye inward and see a single line of business knowledge that you have developed by a course in reading?

Answer two of these questions to your own satisfaction, and you have a medal coming to you. Answer all three that way, and you can name your own reward, for you are an Exceptional American Business Man.

It is amazingly few, even among our leaders, who make the following of business in print even a half habit. The great majority of us expect, seemingly, to acquire knowledge as did Kipling's Big Dhruv Dhruft their exhilaration—"out of the air, through their skins". This has served, in a fashion, through past years; it will not serve in the years to come. Germans, English, French, Italians—the keen, trained men of every nation will soon give us Americans competition beyond anything we have ever known. What have we done—what are we doing—to prepare for it?

With one-sixteenth of the world's population, we print more than one-half of the world's literature. The flood of newspapers—magazines—books, has bred a contemptuous familiarity with the idea of reading. We read at everything and, remembering almost nothing, turn ever to the lightest things. Harold Bell Wright can sell two million copies, but it is remarkable if five thousand copies of James Whelpley's "Trade of the World" can come into appreciative hands.

In a recent address, Frank A. Vanderlip said: "A man counting on his fingers may evolve enough mathematics to carry him through the needs of a simple life. A man unable to state a single principle of political economy may still think with what seems a sufficient degree of accuracy about his ordinary affairs. But when that man, ignorant of the principles of political economy, joined to others equally ignorant, begins *en masse* and nationally to project judgments beyond directing the simple affairs of his life, so that his discussions are weighed, and gives substantial direction to the course of society or the action of government, then the danger which may follow from such lack of understanding is appalling."

AMERICAN business men have had thrust upon them the opportunity to give substantial direction to the course of society and the action of government in the years immediately before us. Asia and the United States hold, in equally unskilled hands, the power which the fratricidal leaders of Europe have dropped. We know that the educational systems of the Mandarins and

BUT FULL OF WHAT?

is the pertinent query of Richard H. Waldo, Secretary of the New York Tribune. He adds that few American business men read with the serious thought of making their reading helpful in solving their peculiar problems

Samuarai are totally unfit for world needs, but it is not so easy, perhaps, to visualize the equal inadequacy of the Little Red Schoolhouse training—so recently our fondest exhibit as the basis of American success.

We are charged with a responsibility for which we are juvenily unfit, yet it is quite possible for us to develop the knowledge and power requisite to meet the grave emergencies ahead. The greatest of American presidents, Abraham

Lincoln, found in carefully selected reading no more certain road to success than may the business man of to-day. The scientific training of the German, beginning at nine or ten years of age and continuing with painstaking care for seven to nine years, can perhaps not be equalled, but we can at least learn to comprehend his mode of thought, and so be not taken totally unawares when we meet him in the field of world trade, which is as likely to be in Keokuk or Baltimore as in Lyons or Durban.

Reading as a means of developing personal efficiency is rapidly increasing among us—in the past two years the New York Public Library reports a 75% increase—but we largely choose the sort of soft stuff which fits with our national characteristics. An electuary has an equally quick acceptance as a panacea for a slothful mind or a disordered body. The "business stories" of the *Saturday Evening Post* are avidly read by hundred of thousands of business men each week, but the sugar content of these is over large for the health. Headaches and a dull mental eye too often follow their steady consumption.

"System, The Magazine of Business", recently took toll of some three hundred business men representatives of their fields. The tally showed that about 57% follow a definite course of business reading, and the "courses" would, in most cases, make an European business man smile broadly. Chance pamphlets—magazines—ticker bulletins comprise the curriculum of the great majority—crude ore which assays pretty low to the ton. Trade papers are far too little read even by this intelligent 57%, and as for the remaining 43%—the less said, the better.

MANY banks and business houses encourage intelligent reading by their employees. Notable among these are the National City Bank with twenty thousand volumes and four hundred thousand indexed pamphlets, the Metropolitan Life Insurance Company with 19,000 volumes, J. P. Morgan & Company with over 6,000, and others with from 4,000 to 300 or so of selected works available for the senior and junior staffs.

The National City Bank, through its Educational Department—one of this institution's most important sub-divisions—recently formed a committee to outline a course of reading and suggest suitable books for the

department heads. This committee made up of bankers, college professors and men in close touch with foreign trade, submitted a course which covers several years of consecutive reading. It is gratifyingly used, and is an increasingly important factor in that "Teach and Pay" policy for which the bank is famous.

Among the leading life insurance companies, with their huge staffs of managers, clerks and field workers, business in print is given serious attention, so far as I can find, only by the Metropolitan Life. When the others follow suit a powerful leaven will be working throughout our national life, for the great insurance organizations are potential training schools whose power must eventually be developed as it is far from being to-day, many able graduates though they can show.

Interesting as they may be, the instances of private collections are not to be regarded as a plea for the establishment of business libraries by individual concerns and corporations. A considerable economic waste may well be occasioned by the duplication and reduplication of collected volumes. The idea is strikingly presented in the January issue of "American Industry" by Adelaide R. Hasse, Chief of the Document Division, New York Public Library. She says in part: "What would you say about a business man who pays taxes for city water, good, clean, filtered water, piped to his house, to be used up stairs and down by merely turning a spigot, who then pays some one to dig a well in his yard, pays to have the water filtered or runs the risk of using it unfiltered, and who uses *that* water instead of the city water he is paying for all the time? * * * Yet a great many business men are almost as unintelligent about their public libraries as is this mythical person who does not turn the spigot to get the city water. * * * Why not make a survey yourself of what you should be able to ask of your library, and then, if it is not up to your level of efficiency, why not work to make it so? It is your

library. Why don't you make it a workable, efficient, up-to-date business laboratory for your city and your citizens? * * * The magic cooperation of business men goes a long way in making any public institution efficient."

There could be no finer, more productive activity for every Chamber of Commerce in the country than the

development of the business literature sections of our public libraries, and the teaching of the Chamber's members to draw on the improved resources. An active, effective Library Committee working in each of the 560 towns and cities having one or more memberships in the National Chamber, could work wonders at slight cost. Aided by advice from Washington, in a year's time the equipment of the average business man for keeping up-to-date in his field could be greatly increased, a beginning could be made in teaching the rising generation to use the libraries for other than fiction books, and a largely increased return to the tax payers would be provided. The public library should be made the modern business man's office annex in every American village, town and city big enough to support half a dozen progressive concerns.

In my judgment, it would pay the National Chamber handsomely to have at the Washington headquarters a trained librarian who



He believes that the failure of the Little Red School House to train us for world leadership may be offset by a carefully selected reading of "business in print."

has given special attention to business in print. There is in New York an organization, numbering nearly 100, of special librarians—men and women. The very able secretary, Miss Sarah B. Ball, has compiled a list of over 1,600 business publications; the Associated Advertising Clubs of the World have made this list somewhat known, but from Washington it could be made useful to every ambitious business man in the United States. An official librarian for the National Chamber would arrange exchanges and develop reading courses which the local committees could use to the utmost advantage. I earnestly hope the move will be made this year.

The way for such work has been paved by the admirable bulletin service—quite the best thing of its kind in this country—maintained for its members under the National Chamber's direction. Editors and business men alike are depending on these with increasing appreciation of their value, as are a rapidly growing number of men in every walk of life upon the official publication of the Chamber, *THE NATION'S BUSINESS*. The past year has seen a splendid development of this magazine.

Let me earnestly recommend to you a careful reading of *THE NATION'S BUSINESS* every month, whether or not you have a regular plan for getting in touch with business in print. It is the policy of the magazine to show American business men how more business and better business may be and is being done wherever American business reaches. Twelve issues of this handsome publication will take you around the world several times, and each

time bring you back home a fitter business man. If you can get your associates and employees to take the trips also, you will find the cost of as many copies as your organization can use, the best and most profitable small investment that you have ever made.

I WANT to emphasize again the importance of having the younger people read continuously along business lines. Our blended peoples have given us a nation of workers whose brain capacities are as yet untried. Following the war, there will be a decade during which it will be determined for generations to come whether or not the United States can hold the world's leadership which is offered now. As the young people are trained to-day, and as we develop ourselves in training them, so shall the answer be written for our children's children, and beyond.

International Commercial Arbitration Instead of Flying Reports a Victory Into Court to the Loss of Temper and Money, after Will Submit Their Trade Disputes to a Friendly Board for Settlement Argentine and American Business Men Here-

By OWEN D. YOUNG

ARRANGEMENTS between the Chamber of Commerce of the United States and the Bolsa de Comercio de Buenos Aires for arbitrating disputes affecting trade with Argentina are now complete. Both in Argentina and in the United States men of the highest standing in the business community have not only given their support to the plan but even when hard pressed by other duties of the greatest responsibility have consented to give personal attention and personal service, if need be, to getting at a basis for the removal of the causes of misunderstanding.

In order to indicate the importance which these men attach to the results that may be attained through the arrangements with the Bolsa de Comercio, I quote from some of their letters:

"While I have for some time been compelled not to add in any way to my many functions, I conceive it as a particular civic duty to cooperate in making possible closer relations and a thorough understanding with the Central and South American republics."

"I am under excessive pressure these days, but, as I realize the importance of such a board in creating better business relations, I shall be glad to serve."

"I shall be very glad to help along, especially in so good a purpose as furthering the settlement of disputes by arbitration."

"If I can help at any time to bring about a closer relationship between Argentina and the United States, I shall be happy to do it."

"At all times, whether I am on the list of arbitrators or not, I shall be very glad to render any possible aid to the project."

Mr. Young, vice president of the General Electric Company, New York, speaks as an authority on this question, having devoted months to the close study of the matter as chairman of the Committee on International Commercial Arbitration of the Chamber of Commerce of the United States, and having the benefit of the cooperation of other foreign trade experts, such as Charles L. Bernheimer, of the Bear Mill Manufacturing Company, New York; William S. Kies, of the Foreign Trade Department, National City Bank, New York; Frank A. Vanderlip, president of the National City Bank, New York; and James G. White, of the Engineering Securities Corporation, New York.—*Editor*.

"In view of the advantages which may result from the adoption of the practice of arbitration of trade disputes between the two countries, I feel that I should aid in the way requested."

"I shall hold myself in readiness to render any service for which I may be called upon, and will use my best efforts to further the interests of this unique and worthy movement."

THESE are the expressions of men who are not only busy with great affairs but who have won for themselves such positions of authority in our business life that when they express their views they are assured of attentive audiences in all parts of the country. The business world of the United States can congratulate itself on the fact that the plan for arbitration is to be inaugurated under auspices which go far to assure real results in removal of misunderstanding; equitable and prompt adjustments where errors have occurred, and the fostering of the mutual confidence and good feeling to which each of the two countries is entitled. I hope to see the day when the letters "A A A" will have a place in every transaction between Argentina and the United States, meaning that if there are any difficulties or complaints and they are not speedily adjusted they will forthwith be referred to arbitration of as expeditious a kind as the circumstances permit.

The inauguration of practical arbitration in our trade with Argentina is at this moment especially opportune. On the one hand, complaints have come from Argentina to the effect that some American exporters were not complying with their contracts. On the other hand, the Federal Trade Commission reports that in Latin America



COURTESY PAN AMERICAN UNION

No, this isn't a picture of a prairie ablaze in one of our western states, but of a camp fire in Argentina, showing the burning of dry grass. The sheep grazing in the foreground are a few of the 80,000,000 head which more than "pay for their keep" in the southern republic. The sheep of the Argentine put money into the pockets of their owners and clothes upon our backs, because we depend to a great extent upon our importations of Argentine wool. Our purchases of wool abroad assume an added importance from the fact that our own production shows a decline, although experts declare that there is money in sheep for the American farmer.

unfair competition is conducted against our goods and trade by some of our European rivals, and that it not infrequently takes the form of calumny. Any such untoward conditions as these will, of course, be aggravated when the war in Europe closes. An efficient means for arbitration, if supported in the whole-hearted way in which we know the business men of the United States will take it up, will at once afford a way for adjusting any well-founded complaints in accordance with their merits, and, by establishing and making known the facts, will remove all danger of successful calumny.

IT may be worth while to state in outline the nature of the agreement. In the first place, all manufacturers and traders who put into their contracts the letters "A A A" will, in the event of disputes, be free to name their own arbitrators. Only in case the parties fail to select their own arbitrators is recourse to be had to the official lists of arbitrators. The arbitration proceeding is to occur under the general supervision of a permanent committee, and in very extreme circumstances, when the refusal of either party to deal with the goods in dispute threatens enhanced damages, this committee may intervene to the extent of avoiding increased loss. The

awards will of course be ordinarily performed forthwith, but if the party against whom decision has gone feels aggrieved, he will have opportunity to present his case to his trade or commercial organization, for the power of the courts is not to be invoked to enforce awards. The power that is to stand back of these awards, the sanction they are to have, is the organized business sentiment of the country, as represented here by the Chamber of Commerce of the United States and all the commercial and trade organizations in its membership, and as represented in Argentina by the Bolsa de Comercio and all the Argentine commercial interests it represents. This is the enforcing power upon which many trade organizations in the United States have relied when settling their members' differences, and we have every reason to believe that in this extension of the principle to the commercial relations of two countries it will be equally successful.

The plan for arbitration is now in effect, the Committee on Arbitration and the official list of arbitrators for Argentina having been formally inducted into office last September in the presence of representatives of both the Argentine and the United States governments and of the most important industrial and commercial interests

of Buenos Aires. In opening the proceedings at Buenos Aires, the president of the Bolsa de Comercio said:

"For the first time in the history of our country—and I believe I make no mistake in affirming it is the first time in the history of the world—two commercial organizations in separate and distinct nations have agreed upon a series of formulae which, being based upon sound common sense, promise a rapid and economical solution of the differences that may arise in the business transactions between the two countries. The transcendence of such an agreement is indisputable, and its effects will be known throughout the entire commercial world."

The Argentine Minister of the Treasury, Sr. Oliver, said that his government believed the occasion was of the utmost interest to Argentina from an economic standpoint, "for beneath the apparent simplicity with which business men invest their acts, removing them from all pomp and ostentation, you will find the birth of a great institution which will serve as a means for uniting other countries with whom we now have strong commercial relations. . . . The work of this institution is of large scope in connection with the prosperity of our country, and the National Executive is glad to assist at its establishment."

THESE predictions that this arbitration plan would be watched with keen interest by other countries were speedily realized, because the text of the plan, which had been translated into Spanish for use in Argentina, was retranslated into English and sent to England, where the Association of Chambers of Commerce of the United Kingdom is understood to be considering the feasibility of a similar arrangement for arbitration of disputes arising in British-Argentine trade.

The business men of Uruguay, too, have shown great interest in the arrangements we have made with the Bolsa de Comercio de Buenos Aires. As the next step in our plan for extending the principles of arbitration to the trade of the United States with other Latin American countries, and acting in accordance with a formal resolution of the Board of Directors of the National Chamber, President Rhett has addressed a letter to the Camara de Comercio de Montevideo, inviting this representative organization to join with the Chamber of Commerce of the United States in making the same arrangements as have now been concluded with the Bolsa de Comercio de Buenos Aires. In concluding an agreement with the Montevideo Chamber, and in placing it in operation, events will undoubtedly proceed with expedition, since the experience which has been gained will be of distinct value.

THE plan need not stop with Argentina and Uruguay. In fact, when representatives of most of the countries of Latin America assembled at Buenos Aires last April at a meeting of the International High Commis-

sion, the plan which has been perfected with the Buenos Aires Bolsa de Comercio was unanimously approved, and its extension to representative organizations in other Latin-American republics was formally recommended. If a second Pan-American Financial Conference should assemble at Washington in the spring of 1917, as now seems probable, commercial arbitration in the international trade of the western hemisphere will doubtless receive a further impetus.

Proper recognition must be given to the Argentine delegates at the first Financial Conference, for their initiative in discussing the possibilities of commercial arbitration as applicable to our trade, and likewise to Mr. John H. Fahey, the second president of the National Chamber, who has had a very large part in bringing about the arbitration agreement with Argentina.

THE Official Committee on Arbitration in the United States is composed of: R. Goodwyn Rhett, Owen D. Young, Charles L. Bernheimer, John H. Fahey and John E. Zimmerman; while the official committee in Argentina is: Luis E. Zuberbuhler, Hanford E. Finney, Guillermo White, Antonio Lanusse, Domingo Salaberry.

The Argentine section of the Official Arbitrators in the United States is: Albert E. Cook, John L. Denton, Edward C. Hoyt, William McKissock, Charles H. Sherrill, Henry W. Boyd, Gerald F. Earle, Lorenzo Daniels, F. Abbott Goodhue, Charles A. McCullough, John Barrett, F. A. Vanderlip, George E. Marcy, Lloyd B. Sander-son, while the United States section is: William Fellowes Morgan, E. H. Outerbridge, A. Barton Hepburn, J. A. Kaul, Alba B. Johnson, R. B. Price, P. T. Dodge, Henry R. Dennison, Theodore N. Vail, Jacob Schiff, F. F. Prentiss, W. P. Wilson, John A. Topping, Earl D. Babst, Lewis Pierson, J. Franklin McElwain.

The Argentine section of the official arbitrators in Argentina is as follows: Principles—Carlos T. Becu, Juan B. Mugnaquy, Amadeo Beretervide, Tomas Drysdale, Samuel Hale Pearson, Emilio Lernoud, Eugenio C. Noe, Jose Gregorio Zuberbuhler, Antonio M. Delfino, Ricardo C. Aldao, Carlos Casares, Enrique Gigy O'Farrell, Antonio Larraechea, Miguel Monserrat, Santiago Pinasco; Alternates—Pedro Christophersen, Enrique Uriburu, Santiago Brian, Vincente Sanchez, Carlos D. Scott, Domingo Noceti, Arturo R. Bullrich, Adolfo Luro, Peonardo Pereyra Irsola, Carlos Agote, Pedro Lacas, Antonio L. Lanusse, Manuel E. Fernandez, Antonio Pinero, Enrique Santamarina, and the United States section is composed of: principles—James A. Wheatley, Luis E. Young, C. D. Middlebrook, Stanley Allchin, George H. Weyand, Willis E. Baker, W. A. Reece, Charles Harper, M. Drew Carrell, M. J. Pilant, Enrique Wulff, C. M. Lancaster, J. J. Pratt, A. J. Eichler, D. B. Richardson, Leopold Buhler; alternates—R. W. Huntington and C. T. Pryor.

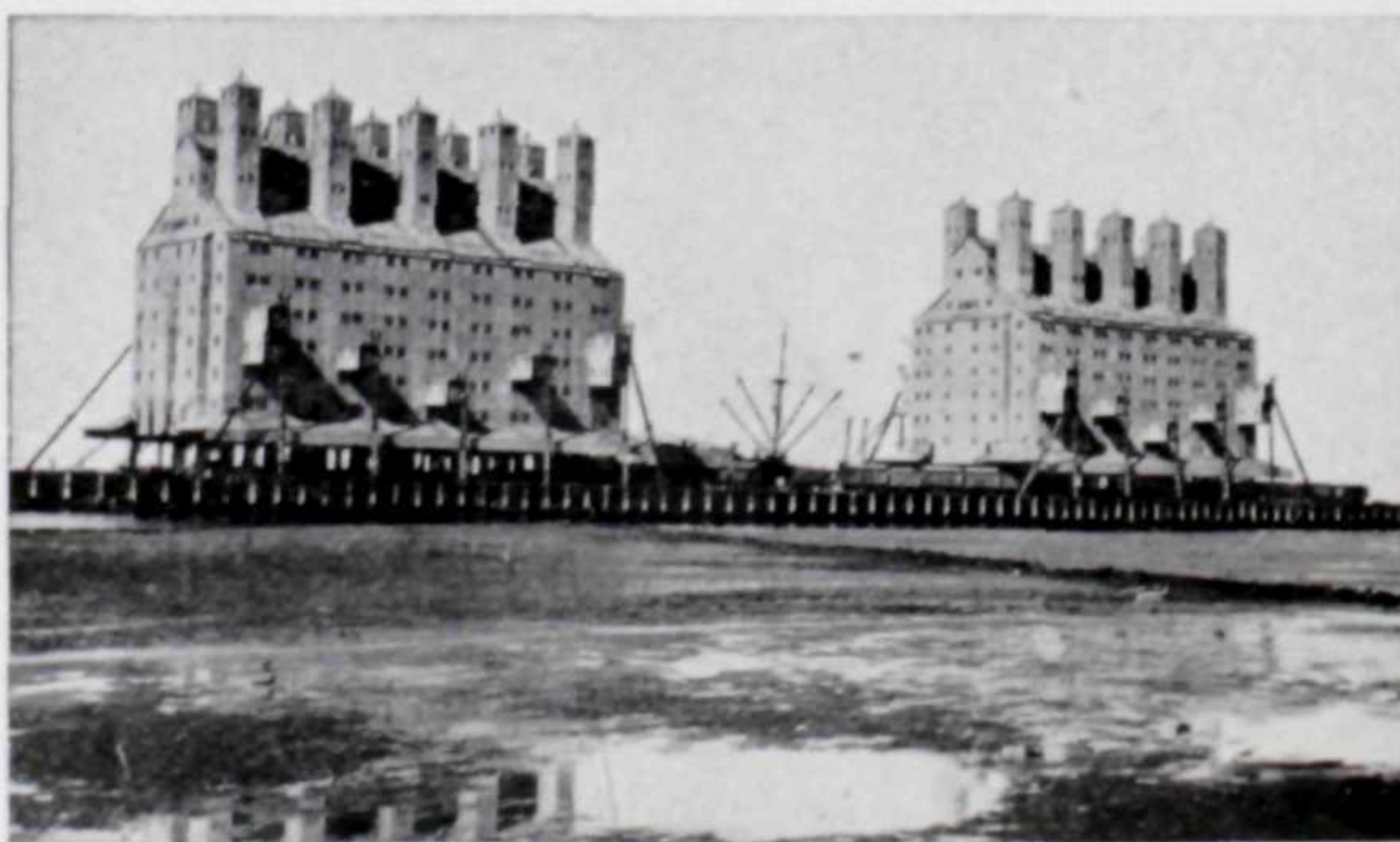


PHOTO BY WALTER FISHER. PAN AMERICAN UNION

Grain elevators at Bahia Blanca, Argentina. Ordinarily one of the great wheat producing countries, Argentina is facing a crop shortage.

THE NEW SPIRIT IN BUSINESS

A Meeting Overshadowed by the Portentous Clouds of War, Yet of Tremendous Significance Because of these Clouds

By BRISTOW ADAMS

THE fifth annual meeting of the Chamber of Commerce of the United States was not normal. Washington was not normal; an air of restraint, subtle, intangible, but nevertheless unmistakable, pervaded the place from the beginning. The reviewing stands for the coming inaugural parade are being put up a month ahead. But this time one thought less of their grotesque disfiguring of parks and buildings than of their connotation of marching troops. Even the suffragists, silently picketing the offices of the White House, were late in getting to their self-appointed jobs, and came away early. Possibly this was due to a compassionate feeling for the President, possibly to cold winds from the north.

The effects of the then pending international crisis were felt everywhere. Washington was the "big news" center. Men from Des Moines, Iowa, who had not strongly felt the pressure for preparedness were getting it at first hand, possibly for the first time. The affairs of the diplomats, in the words of the newspaper offices, crowded the affairs of the National Chamber of Commerce off of the front page, not only in Washington, but all over the country, where ordinarily they would have had the right of way.

The gravity of the international situation forced itself on the convention Thursday morning. The program of the meeting for that day announced that Newton D. Baker, the Secretary of War, would speak on National defense. He did not speak; neither did General Wood who was to discuss the same subject. On Friday, Secretary of Commerce, William C. Redfield, was to have spoken at two o'clock to a meeting of the Chamber

in the great hall of the Pan American Union Building; but President Rhett had to announce that the Secretary was then at a Cabinet meeting, but hoped to be through at four and that his speech on the preparation for business conditions after the war would be deferred until after the close of the meeting. The word "war" obtruded. There was a "comic relief" when, as the session was drawing to a close, and the crowd was starting down the broad stairways, Secretary Redfield came hurrying up, and the audience followed him back into the room. Beyond saying that he had hurried from a cabinet meeting, there was no mention of the

BECAUSE THE NATION'S BUSINESS wished an entirely detached reaction from the deliberations of the fifth annual meeting of the Chamber of Commerce of the United States, it sought the point of view of some one quite dissociate from the personnel of the organization and from the staff of the magazine.

Accordingly we asked Professor Bristow Adams of Cornell University, who has the recently established course on the conservation of national resources, to give us, as a student of present economic and sociologic conditions, his first hand impression of the meeting. Here it is.—Editor.

portent that became a climax by Saturday night. One could feel that thrill even though it was not mentioned.

Then again at the last minute, the President himself, after the same Cabinet meeting that had held Mr. Redfield, and after an immediately subsequent conference at the Capitol, cancelled his engagement to speak at the Friday night banquet. At that banquet ex-President Taft referred directly to the impending trouble:

"Of all things we would avoid war. The awful consequences we know from Europe's suffering. Our prayer is for some escape from it in this critical hour, consistent with our national honor and vital interests. But we must face the facts."

IN spite of war and rumors of war—possibly because of these—business was newly consecrated to unselfish service.

The keynote of the convention was struck by President Rhett when he said:

"A new spirit has been born to the business man of America—a spirit which has touched his better, nobler, bigger self and broadened his vision—a spirit which



Harry A. Wheeler, first president of the Chamber of Commerce of the United States. "Tall, alert, enthusiastic, youthful, clear-eyed and clear-skinned, broad of shoulder and broad of view."



R. Goodwyn Rhett, present president of the Chamber of Commerce of the United States. He struck the keynote of the convention when he said "a new spirit has been born to the business man of America."

has brought to him a happiness he had not known before." One who did not feel this could not have been alive, could not have been American. Tinged as the atmosphere was with the glare of a near conflagration, the meeting took on large significance. Few other American gatherings, outside of the Continental Congress, and the Conference of Governors of 1908, which formulated and crystallized the new American ideal of conservation, have equalled it. It was as if American business, realizing its strength, had put its shoulder under the load, and asked the right to serve.

Even those not interested in a merely statistical statement should ponder this; only the fifth annual meeting of the Chamber of Commerce of the United States, it called together 1,282 delegates, or more than a third more than last year's delegation of 961. Commercial bodies from forty-one states were represented besides those of Hawaii, of Alaska, and Paris, France.

SOMEONE noted that the meetings did not seem lively, and that there was a noticeable absence of discussion. But where there are many men of one mind, there is no need for discussion.

Another reason for the lack of discussion was the equal lack of selfishness. Rancor had no place to light; there was no room for a dispute as to the most effective way of getting the best of the other fellow, because that topic was not broached.

This was particularly true about the talk on the railroad situation, both on the floor and in the corridors. At several recent trade organization meetings the comments were bitter; the words which expressed their points of view about what they called "the selfish demands of labor" made one think that the breach was wide and not to be bridged. But at this Chamber of Commerce meeting there was no breach, there were no prejudices, only a spirit of truth-seeking. They were thinking not simply of the interests of capital and labor but they had also in mind a third angle of the problem, the interest of the public. It was a far cry from the old theory.

A year before the industrial crisis of the end of August, 1916, the Chamber had forewarned the federal authorities and had asked for an investigation that would fend off hasty action. This request was taken as the result of a referendum.

There is a specific and peculiar meaning in this word "referendum" as used by the Chamber. In its view, the highest action of the Chamber of Commerce of the United States is: "To ascertain business opinion throughout the country, upon the most important measures affecting commerce, for the consideration of those officials or legislative bodies that have the power to put these measures into effect. This includes the opinion of organizations in the smallest city as well as in the greatest metropolis, the local organization as well as the national."

Analyzing this statement, let us see what the referendum is. It is a means to an end, not an end in itself. Action on the results depends upon the attitude of the governmental or legislative agency to which the results are transmitted by the Chamber. Even those who advocate the referendum, name among its disadvantages that it operates slowly. One might take issue with that, and name it an advantage that questions submitted are pondered and the results written out dispassionately. Take the psychological result—the telepathic effect, if you will; who can doubt that 870 business organizations comprising 383,658 members, plus 5,000 business firms and individuals, concentrating at one time on national problems, will profoundly affect American thought? Here are some of the many questions upon which opinion has been overwhelmingly expressed: A national

budget, a permanent tariff commission; an interstate trade commission; the prevention of future wars; federal aid for vocational education; national defense; combination and natural resources.

When the results of the votes are actually formulated it represents a product of deliberation which is thoroughly reliable and entitled to a hearing; it insures publicity and challenges thought.

On the railroad question it was announced, as the result of the referendum just closed, that the Chamber recognized the interest of the public as paramount in railroad difficulties, and urged that representatives of the public be in a majority over either railroads or employees on any board of conciliation or arbitration.

AS I see it," said Mr. Harry A. Wheeler, in a conversation in the flag-draped gallery of the Pan-American building, "the United States Chamber has amalgamated two types of business organization, on the one hand the strictly trade organization bent on the advancement of its own trade interests, possibly at the sacrifice of other interests, on the other hand



Rubbing up against the other fellows in the lobbies and around the outskirts of the meetings one found the same spirit of service. Mr. Joseph H. Defrees of Chicago, discusses it with Mr. F. A. Seiberling of Akron, Ohio.

the Chambers of Commerce made up of every sort of interest, acting unselfishly for the good of the whole community. In that amalgamation we have achieved, I think, the effectiveness of the trade body; but the remarkable point is that we seem to have permeated the whole organization with the spirit of community helpfulness."

As one looked at the clear-eyed, clear-skinned Mr. Wheeler, tall, alert, enthusiastic, youthful, broad of shoulder and broad of view, there could be no surprise that the organization which started under his direction, had maintained and increased this attitude of service.

Rubbing up against the other fellows in the lobbies and around the outskirts of the meetings one caught snatches and stray bits like this:

"American business men have been spending too much time on the business of accumulating. We know that game thoroughly. What we've got to do now is to solve the problem of distributing, and that means looking out for the other fellow instead of for ourselves!"

"That line of talk makes a noise like socialism," was the rejoinder from one of the group.

"If that be socialism," paraphrased the first speaker, "make the most of it!"

Nor was there a great deal of the "how to do it," in the speeches or in the comment thereon. They dealt with principles rather than methods, they related to a point of view rather than to a point of attack. This can be seen in the actual addresses given elsewhere in this issue.

It is true that the specific matters of uniform bills of lading and of daylight-saving occupied time and attention, but were devoted to the principles involved rather than to the practices. Mr. Waldo, of the *New York Tribune*, did mention specifically some of the books which business men should read, but mainly he told why they should read the right kind of business literature.

One might have been a bit prepared for this. At a meeting for the advancement of peace, held in the same rooms only a few months before, the best talks on peace had been made by some of these very business men, notably by Edward A. Filene, of Boston. They had the constructive, sane point of view. One felt and heard expressed this same sanity of judgment in this meeting for the betterment of commerce. Here was an equally serious attitude toward a constructive program, even for war, if necessary, advanced by the same men who had brought their forceful logic to bear on the economic arguments for peace. Before the meeting adjourned, the Chamber, voicing the sentiment of the business men of every state in the union, solemnly pledged to the President that they stood as one to hold up his hands "in patriotic purpose, whatever the eventuality."

It was the all pervading sense of the obligation of service which was impressive. One could not help wishing that the whole country might have heard the discussions and conversations. How it would have changed some points of view. Aided by our clever news writers, the American people are prone to be fuddled by phrases.

The currency given to the term "malefactors of great wealth," begot the specious corollary that wealth itself is inevitably a great malefactor. These men, perhaps, represent wealth; even more, they represent the constructive sources and forces of national wealth. To know their attitude, as expressed in this meeting, is to know that these forces are working in the right direction. They gave to Washington, in a moment of crisis, a sense of balance; when they left, they took away from that moment of crisis, a sense of responsibility. Here were nearly fifteen hundred men going back to their homes and to their separate workaday circles, with new vision, new inspiration. In the nature of things, these men, leaders in their respective communities, will carry the inspiration and vision to their fellows—400,000 of them in the organiza-

tion alone. The effect of this on national thought cannot be estimated; but this is certain, American business—and does it not extend into every nook and cranny of our national life?—will be more purposeful, more idealistic, because of a professional consciousness crystallized.

Even a mere onlooker got this vision and inspiration.

A RESOLUTION AND ITS RECEPTION

Resolved, That the Chamber of Commerce of the United States of America, in convention assembled, voicing the sentiment of the business men of every State in the Union, expresses to the President of the United States its profound appreciation of the gravity of the International Difficulties which now confront the Nation and solemnly pledges them to stand as one, behind him in patriotic purpose whatever the eventuality.—Adopted unanimously, Feb. 2, 1917.

THE WHITE HOUSE.

3 February, 1917

My dear Mr. Goodwin:

May I not through you acknowledge with the profoundest appreciation the resolution passed yesterday by the Chamber of Commerce of the United States of America, and say how sincerely I value the generous support and confidence of the Chamber?

Cordially and sincerely yours,
(Signed) WOODROW WILSON.

MR. ELLIOT H. GOODWIN, General Secretary,
Chamber of Commerce of the United States,
Riggs Building, Washington, D. C.

SURVEY OF THE NATION'S BUSINESS

(Concluded from page 17)

number of good roads bring him in constant touch with his fellow men. For impassable highways no longer maroon him in solitary confinement on his farm during dreary winter and spring months.

Equally noteworthy is the stirring of that local pride and ambition in the small town which seeks to make each hamlet the centre of local social and economic life for the surrounding countryside. This pride and ambition find expression in paved streets and concrete sidewalks, in fitting places of amusement, in modern hotels, in public libraries, in more and better schools.

The head and front of this endeavor is to form close and fast bonds of friendship and understanding with the farmers in the immediate territory that the trade of the town may grow and multiply on the basis of the compelling truth that to know your neighbor is to like him and to do business with him because of this liking. It is in this homely but widespread movement that the distributors of the great city find the best portent of the future in dealing with a progressive and intelligent rural clientele.

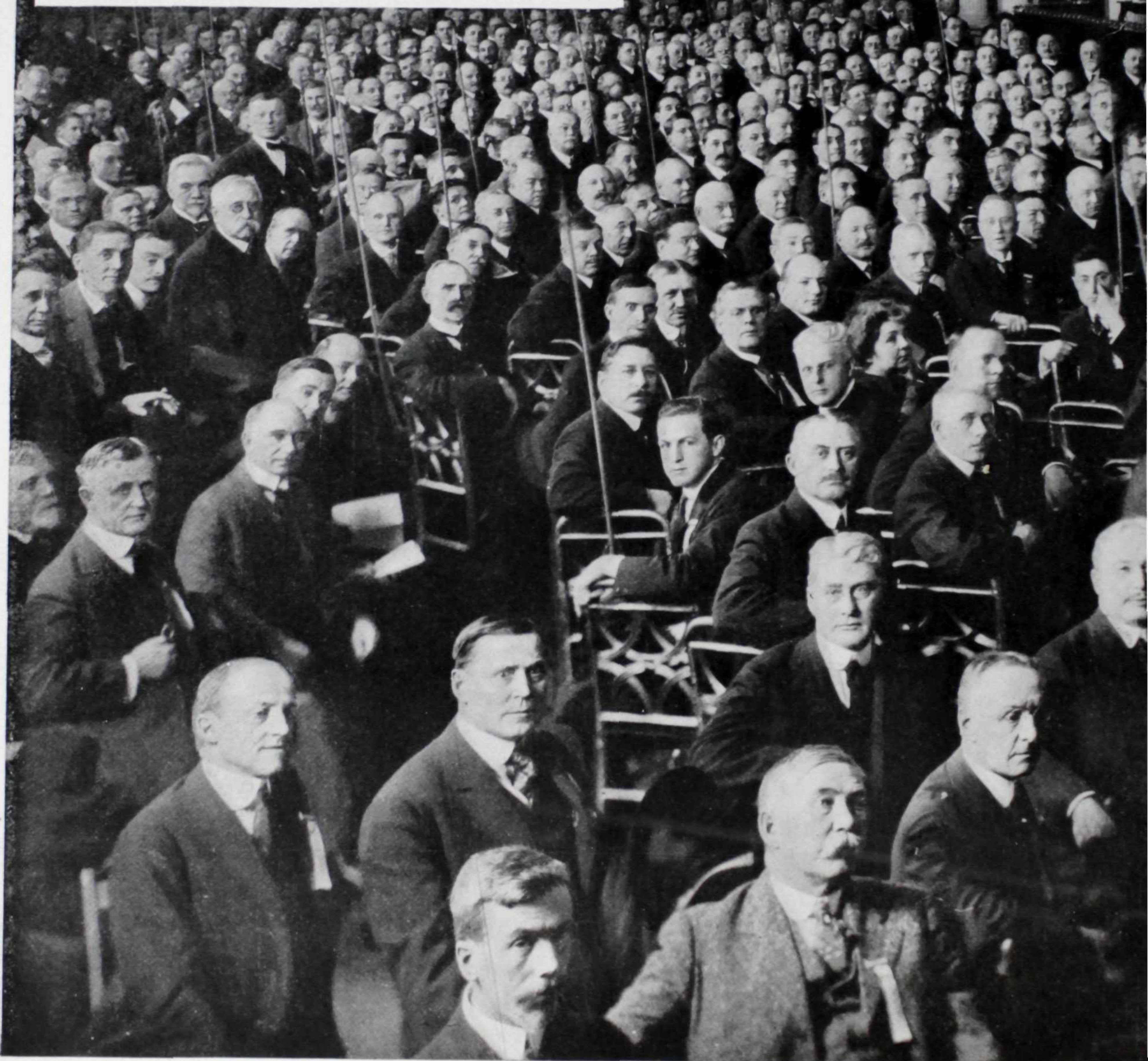
FACES

At first we vetoed this flashlight of the recent convention of the National Chamber of Commerce. In our broad land men are constantly gathering thus to clench their teeth while powder explosions illuminate their startled faces for the eyes of expectant cameras. It is old stuff—very old stuff.


Then a chap with a soft hat and a reputation as a painter of portraits happened in, lounged on the table, saw the photograph, studied it and announced that it would be a grave omission to leave it out of the magazine. He could understand from this striking study in heads how it was that American industries had fought their way to a dominating position in less time than the span of a single life.

He found in the crowd dreamers, poets, seers, philosophers and men whose jaws announced that they would wade barefoot through Gehenna to reach their goals. The artist added that he wasn't a member of the Chamber or even a business man, yet the picture was intensely interesting to him.

So we ran it after all. Do you agree with the artist?







A HOTEL WITH 150,000 OWNERS

By J. W. BICKMAN

THIS isn't an advertisement even if it is an advertisement.

It has to do with the proposed Commonwealth Hotel at New York. The hotel gets this free publicity from THE NATION'S BUSINESS not because it is to be the world's greatest caravansary, but because the idea that is to be woven into the steel and set in the concrete marks the birth of another new thing under the sun.

Stock in the enterprise is now on the market. The remarkable feature about these securities is that they are entirely democratic. Usually a concern issues bonds, preferred stock, and common. The bonds refuse to associate with the preferred stock, and the preferred sticks up its nose at the common. All the Commonwealth stock is common.

Only one share will be sold to each person unless he is a director. In that case he may buy three shares out of consideration for the state law. About \$15,000,000 will be spent on the Commonwealth, which means that there are to be something like 150,000 owners.

The words "My New York Hotel" will have an added significance to the shareholders. No applications for stock are turned down for geographical reasons, but a special appeal is being made for the out-of-town business man.

John Henry Smith, of Los Angeles, can walk into the marble lobby and consign his suit case to the bell-hop with the fatherly air which is the right of a part owner in the premises. Mr. Smith can patronize the haughty clerk and enjoy deep personal indignation when he sees his waiter drop a plate.

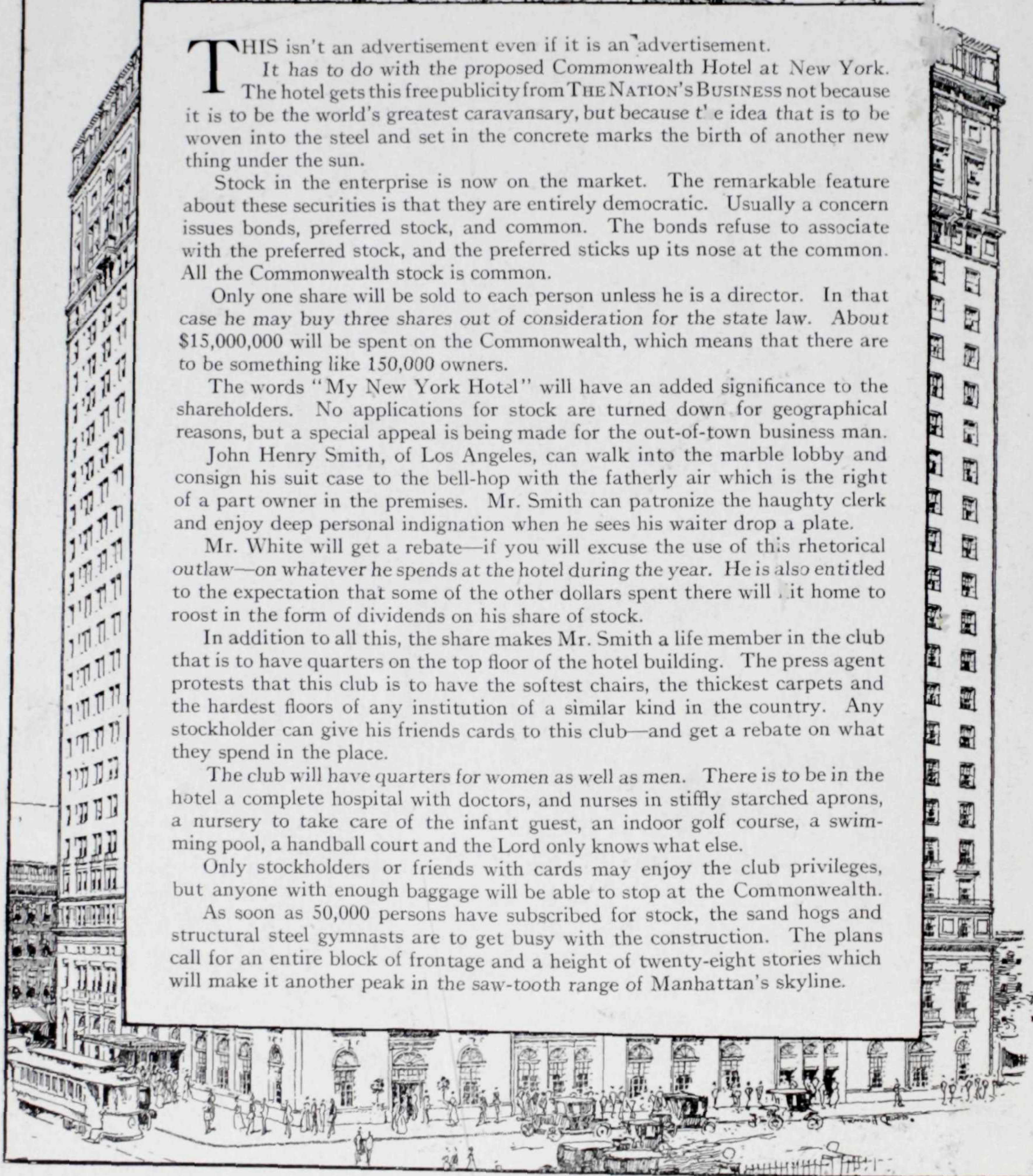
Mr. White will get a rebate—if you will excuse the use of this rhetorical outlaw—on whatever he spends at the hotel during the year. He is also entitled to the expectation that some of the other dollars spent there will fit home to roost in the form of dividends on his share of stock.

In addition to all this, the share makes Mr. Smith a life member in the club that is to have quarters on the top floor of the hotel building. The press agent protests that this club is to have the softest chairs, the thickest carpets and the hardest floors of any institution of a similar kind in the country. Any stockholder can give his friends cards to this club—and get a rebate on what they spend in the place.

The club will have quarters for women as well as men. There is to be in the hotel a complete hospital with doctors, and nurses in stiffly starched aprons, a nursery to take care of the infant guest, an indoor golf course, a swimming pool, a handball court and the Lord only knows what else.

Only stockholders or friends with cards may enjoy the club privileges, but anyone with enough baggage will be able to stop at the Commonwealth.

As soon as 50,000 persons have subscribed for stock, the sand hogs and structural steel gymnasts are to get busy with the construction. The plans call for an entire block of frontage and a height of twenty-eight stories which will make it another peak in the saw-tooth range of Manhattan's skyline.



Some Cold Truths About That Shipping Boom

Yards Busy from Bath to Puget Sound, Deep-sea Steamers Take To the Water on the Great Lakes, Launchings Daily, but—What Becomes of the Ships?

By WILLIAM HARRIS DOUGLAS

MUCH has been written about the enormous expansion of our ship yards, and the great amount of tonnage which we are now building. Those who are not really anxious that America should rapidly increase its own tonnage point to these facts, and say "Let well enough alone—do not rob the people for special interests and we will have a great fleet in due course."

What is the true situation? We are now only carrying four or five per cent increase of American exports in our own ships, beyond what we were handling before the war, and notwithstanding the wonderful stories in our papers regarding the upbuilding of the American merchant marine, from June, 1915, to June, 1916, the net increase of our deep-sea tonnage in new ships amounted only to about 100,000 tons.

It is further an unfortunate fact that many of the largest of the new ships being built are for foreigners and it is estimated that twenty-five to thirty per cent of the entire tonnage contracted for by our yards for foreign trade is for alien account.

We have unwisely allowed our tonnage to be sold to foreign owners and during 1916 over 100,000 tons of American shipping was so disposed of. The tonnage engaged in coastal trade has actually decreased. This is due to many old vessels being partially rebuilt, and are now engaged in foreign trade owing to the enormous profits obtainable.

Our fleet registered for foreign commerce shows the small gain of about 300,000 tons. A heavy proportion of the ships which will be turned out during the next year are also for special purposes controlled by our large corporations that do an export business, and will not be available for general mercantile requirements.

Before the war we stood eighth or ninth in the list of maritime powers, having somewhat over one million tons engaged in foreign trade against England's twenty millions and Japan's one million, seven hundred thousand tons. Japan has now almost doubled her tonnage. We will probably still be in about the same position at the end of the war. We do between one-quarter and one-fifth of the entire world's tonnage trade. To handle even fifty to sixty per cent of it ourselves we should have at least not less than fifteen million tons of shipping.

Norway owns between two and a half and three million tons of shipping. Our exports exceed hers by about twenty-five times.

These facts, and many others of a similar character which could readily be given, should certainly make us reflect, and change so perilous a situation.

Our government is proposing to establish a large ship-building yard, and considerable private capital has been invested to in-

crease our present yards and start new ones, but industries of this character cannot be built up rapidly. It takes time and talent to develop them. Our few yards, capable of turning out vessels with a fair degree of promptness, have naturally taken advantage of the situation, are doing their best to meet the demand, and have made enormous profits.

Freight rates continue to be maintained on an extremely high level, with no immediate prospect of a decline. The regular lines are greatly embarrassed to secure vessels to cover their necessary sailings, and it is almost impossible to secure steamers or sailors for full-cargo business, and if obtained, enormous rates have to be paid. There have been cases where the hire of a steamer, taken on time charter for 60 days, was more than the total value of the vessel under normal conditions. Vessels for long-voyage business are now receiving eight and ten times above the ordinary rate of charter.

Herewith is published a record of the berth rates on general cargo to South America, South Africa, and Australia before the war and the present current rates, to show the stupendous increase. Rates to Europe and in other directions show similar or even greater increases. All this has weighed heavily on American commerce, and seriously hampered our trade. This would not be so bad if other nations were paying a similarity of rates, but unfortunately for us such is not the case, and freight to other markets we have specially mentioned and elsewhere from European ports have, in many cases, been far less than we have had to pay.

ADVERSITY is a stern taskmaster, but often a just one, and we have only ourselves to blame for the wretched state of mercantile unpreparedness which we now have to face, and have not even the justification of want of knowledge, as the nation was warned time and time again, and proof presented so clear and convincing that it does seem as if we deliberately closed our eyes, and were willing to accept the situation. It has cost us many hundreds of millions of dollars for experience, and unless we change our methods it will cost us hundreds more. The story of the war, so far as it pertains to shipping, is now history, and like the pages of an open book can be read, learned and profited by, or read and forgotten. Which course will we decide on?

An available, adequate, deep-sea fleet to a trading nation, it has been clearly demonstrated, is the most potent power for usefulness and for protection that can possibly be built up. We should carefully study what England's shipping has done for her in aiding and carrying out her essential war measures, keeping her people

The truth is not always pleasant but that doesn't alter the fact that it is the truth. This article by Mr. Douglas was taken from a report prepared by him as Chairman of a Committee. Other members are: Paul C. Bates, of Portland, Edward E. Blodgett, of Boston, Walter T. Dunmore, of Cleveland, C. Bissell, Jenkins, of Charleston, Bernard J. Rothwell, of Boston, E. W. Shields, of Kansas City, Edgar B. Stern, of New Orleans, Thomas L. Stitt, of Chicago and George M. Verity, of Middletown.

supplied with food, and enabling her to handle her export business, besides also carrying the larger portion of the world's goods. Without that fleet she would have been practically powerless. The enormous importance of her merchant vessels as an aid to her naval and army program is so great that it requires no comment.

A prompt building up of the American merchant marine commensurate with our share of the world's commerce, not only is demanded by our own just needs, but will tend to adjust and balance the carrying trade to the good of all other nations.

The freedom of the seas at present is but an idle dream, and can only have some real basis if an International Court could be held, when the time is ripe, and definite rules established that will be adhered to under a defined plan whether some nations are at war, or all are at peace.

By agreement among nations coaling stations might be established in all parts of the world available for the use of all countries on equal basis in peace, neutral nations only being allowed, however, to use these stations when others may be at war.

The increase of our foreign trade, and its permanent protection, all classes of our people now admit can only be conserved by an adequate merchant marine flying the American flag, and they ask this as their right, and that we shall no longer depend upon commercial rivals to carry our merchandise to the world's markets.

The following table is an interesting commentary on what the war has done to ocean freight rates:

SHIPMENTS TO AUSTRALASIA

PER TON 40 CU. FT.
To Sydney, Freemantle, Auckland respectively

	July, 1914			During 1916		
1st class	\$13.80	\$14.40	\$15.00	\$46.00	\$46.60	\$47.20
2d "	12.00	12.60	13.20	44.00	44.60	45.20
3d "	11.40	12.00	12.60	42.00	42.60	43.20
4th "	10.80	11.40	12.00	40.00	40.60	41.20

RATES TO SOUTH AFRICA, CAPETOWN BASIS

PER TON, 40 CU. FT. OR 2,240 LBS., SHIP'S OPTION

	July, 1914	January, 1917
1st class	\$11.60	\$41.60
2d "	8.70	34.80
3d "	6.90	32.40

RATES TO SOUTH AMERICA

PER TON OF 2,240 LBS., OR 40 CU. FT., SHIP'S OPTION

Argentine Rates, July, 1914

1st class	\$15.00	5th class	\$10.00
2d "	14.00	6th "	8.00
3d "	13.00	7th "	7.20
4th "	12.00	8th "	6.40

Binder twine, 20 cents per bale.

Turpentine, 20 cents per case

Kerosene, 16 cents per case.

Argentine Rates, January, 1917

PER TON 2,240 LBS., OR 40 CU. FT., SHIP'S OPTION

1st class	\$28 plus 35% surtax	5th class	\$20 plus 35% surtax
2d "	\$24 plus 35% surtax	6th "	\$20 plus 35% surtax
3d "	\$22 plus 35% surtax	7th "	\$20 plus 35% surtax
4th "	\$22 plus 35% surtax	8th "	\$20 plus 35% surtax

Binder twine, \$1.00 per bale net.

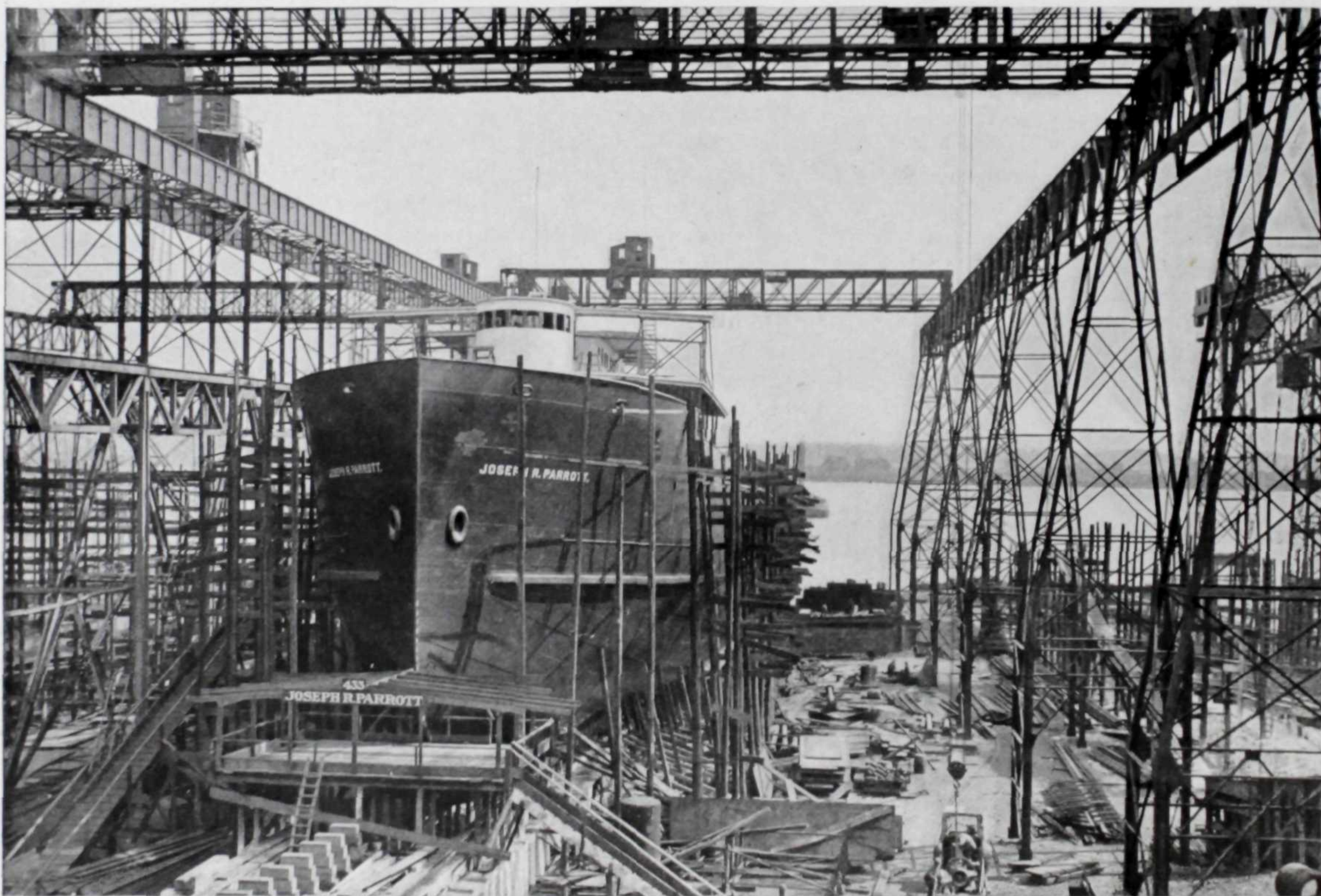
Turpentine, \$1.25 per case net.

Kerosene, \$1.25 per case net.

Brazilian rates, July, 1914, \$12 to \$16 per ton net, all classes.

Brazilian rates, January, 1917, \$28 per ton net, all classes.

Brazilian rates have been as high as \$40 a ton.



Ready for a launching at Cramps, Philadelphia. With all the furious activity of American shipyards, the net increase of our deep-sea tonnage in new ships was only 100,000 tons from June, 1915, to the same period in 1916. Last year exactly that amount was sold to foreigners who will use the bottoms in competition with us.



The comfortable old Hopi on the goatskin may look like the lord of the house, but he isn't. Hopi women had their important place in the tribe's industries long before their sisters were fully recognized in the commercial wigwams of the paleface. The Hopi woman builds and owns the home. Her husband is allowed to live in it as long as he behaves himself. If he doesn't, he finds his clothes outside the barred door as a delicate hint that he may go out and sleep with his head on a cactus for all his wife cares.

Young America and His Place in the Commercial Sun

Education for Foreign Trade Must Start with Boys in Our Primary Grades and Include a Sound Foundation of the Three R's

By WALLACE D. SIMMONS, President of the Simmons Hardware Company

IT has been said that one of the best ways to get at the trend of thought of any people is to study their colloquialisms and slang. A common saying, which might be included in this class, and which has lately been given considerable credence in many sections of our country is that

WHAT WE DON'T KNOW WON'T HURT US

If an emissary of a foreign people, jealous lest we expand our trade with other nations desired to plant in the minds of Americans a germ of thought which would subtly lead them to disregard and neglect their present opportunities, how could he better suit his purpose than to lead them to forget the old adage that

KNOWLEDGE IS POWER

and to popularize,

WHAT WE DON'T KNOW WON'T HURT US?

What we as a people don't know about some things is hurting us and will hurt more and more as we continue not to know what we must know if we are going to take advantage of our present opportunities for foreign trade.

It is a hopeful sign that the business men of this country and their organizations are of late giving more attention to educational subjects, particularly educational preparation for foreign trade. Several papers and reports have been published during the past year with regard to what may be called the technical training required and with the kind of courses which our high schools and colleges should offer and what is being done along those lines.

Only last week a valuable addition was made by Dr. E. E. Pratt, director of the United States Bureau of Foreign and Domestic Commerce in an address before the Foreign Trade Convention in Pittsburgh. I commend that paper to you and hope you will all read it.

Because that side of the question has been so well covered I am not going to attempt to add anything on that score, but will devote all of the few minutes allotted to me to another phase of the situation which perhaps comes more closely home to each one of us who is here as the representative of a group of that large percentage of the people of the United States who are engaged in business.

I shall discuss only the Primary and Secondary Schools and their relation to foreign trade.

The American man of business who may not have previously had occasion to investigate the part which education must play in the development and maintenance of a foreign trade, learns to his surprise, that

instead of being a comparatively unimportant incident, or a finishing touch, which it may perhaps be advisable to add to foreign plans, education must be the basis of any duly organized effort which is to develop a foreign trade that is going to be worth developing.

No foreign trade is worth developing except on lines of permanency, and we find that those nations which have been successful in it have made the education of their people the foundation of their every effort—not only the education of the comparatively small percentage who are to be occupied directly in foreign trade, but also the education of the entire population, because of the necessity of having their cooperation and their enthusiastic support of all foreign trade efforts—all of which, in turn, depends upon their having been so educated as to insure an intelligent grasp of the meaning of foreign trade and its usefulness to the country generally.

Having noticed that the majority of American firms who do a foreign business, employ in the handling of it, those who were born, and educated in foreign countries and that many of our great corporations are conducting schools of their own, in which even rudimentary subjects are being taught in addition to those peculiar to their respective trade, the National Foreign Trade Council's Committee on Education sent out a year or more ago, to several hundred American firms, a questionnaire designed to develop the reasons for this situation, and the best means of correcting it, it being apparent that if we wish to develop and maintain an extensive permanent trade with people throughout the world, it should be done by Americans.

THE answers received from these business men were exceedingly illuminating and left no room for doubt in the minds of any of us who had the privilege of reading them, as to just what the facts really are, or as to the necessity of changing those conditions.

While, of course, the old adage, "Many men of many minds" applies generally to the views expressed in these letters, there was a most remarkable unanimity with respect to certain strikingly fundamental features to which, we, who hope to see our foreign trade grow to large proportions, must give heed.

They said, "We employ foreigners in our offices at home and as salesmen abroad because we cannot obtain Americans properly qualified by education to fill these positions. We would prefer Americans because there are many disadvantages resulting from the employment of foreigners in handling the business of American firms, but we cannot entrust work of this kind to people who not only cannot write a

Many students under our system, "take" the fundamental as well as the higher subjects of education a great deal as they take the measles; the majority are light cases. The unfortunate results are disclosed by any thorough investigation of the conditions which surround us to-day.

credible business letter in a foreign language, but cannot do that in their own native tongue.

"We require people who can make in a reliable manner ordinary calculations in commercial arithmetic. We find the young Americans who apply to us generally deficient in this respect.

"In the handling of foreign trade, people even in clerical positions, require a good working knowledge of commercial geography, trade routes, etc. We find few of the graduates of our schools who qualify in this respect.

"Those engaged in foreign trade should be acquainted with the histories of other peoples and with the customs and habits of trade which those histories have developed. Few Americans are found to have the proper ground work."

In his reply, the late Mr. James J. Hill began with this pungent statement: "The greatest difficulty this company experiences in securing competent employees is the radical deficiency in thorough education in elementary branches."

As these letters show, most of these people educated in foreign countries, are competent to handle this work because not only of their knowledge of languages, but because of their thorough education in those fundamentals, which we are passing over all too hurriedly in order to have our students "take", as we express it, some of the higher studies—the taking of which seems to constitute our measure of accomplishment in education.

Unfortunately, many under our system, "take" the fundamental as well as the higher subjects, a great deal as they take the measles:

i. e., too many take light cases, with the unfortunate results which are disclosed by any thorough investigation of the conditions which surround us to-day.

NO doubt if I should ask whether we ought not to give as much and as thorough thought and considera-

tion, and do as much intelligent planning for our own children as we do for the children of the Philippine Islands, some of you might be inclined to label that "Foolish Question 1917". I wish the situation were such as to make that a foolish question, but unfortunately, it is a very pertinent one. When we took over the Philippine Islands, and assumed responsibility for that nation, we appointed a competent man as a representative of the American people to study the situation—to look ahead and ascertain what there was in store for these people in the future; what were the possibilities and what should be done by us to prepare them to take advantage of, and develop those possibilities to their own benefit. A definite and well thought out plan was then laid down and a force organized, under competent

leaders, to carry out that program, the object of which was to give to the rising generation in the Philippine Islands, the best and most thorough education that they were capable of taking, and one designed to equip them in the best possible way to make good use of their opportunities in the future.

Have we done as much for our own children? The answers to our questionnaire show that we have not, and the more anyone studies the situation the more he is impressed with the fact that we are not doing it to-day.

It is not practical to wait until these young people reach a mature age to learn which of them will show the qualities and inclinations to get into foreign trade, and to begin then to lay the foundation for such work. That foundation must be laid in primary and secondary schools,

and it must be laid so well as to make it possible to build on it and find it thoroughly adequate to every need.

The solving of most of the great problems of to-day, usually requires the expenditures of large sums of money, and the assignment of a substantial number of our people to the development of that particular work, and



If Sahib Jenkins had been taught in the secondary schools "more of the peoples in those same localities to-day" he would have an easier job selling fountain pens in the streets of Lahore.

hence at least a shifting of duties and productiveness—all of which has to be reckoned with.

But with respect to this question of the education of our people to equip them to make good and profitable use of their opportunities, we are not confronted with the question of increased taxation in order to produce a great fund to be expended; nor the necessity of taking any increased number of our people off of to-day's work, and devoting their efforts to what may be effective only in the future. All we have to do in this case is to give it enough thought to intelligently diagnose the situation, and then continue the work in hand, but do it differently and very much better than we are now doing it. Such a change in our school methods and curricula will not in any way lessen the value of the education obtained nor its adaptability to the needs of the average American. Therefore the resulting balance will all be on the credit side of the ledger, and we will be spending our money, and our time to better advantage.

In offering this suggestion, let me make it entirely clear that there is no disposition in any way to reflect upon the heads of any of our institutions of learning, or upon their staffs of teachers. The fault is not with them so much as it is with us. They are doing their work conscientiously and well, according to their lights, and with very little help from us—little as compared to what we should give them.

We must not lose track of the fact that this is a commercial nation; that the people almost universally are engaged in business, either as employers or employees. They are dependent for their living, their progress, their comfort, and their happiness upon the outcome of their joint efforts. Because so large a percentage of them are thus employed and thus supported, it is the business men and women who contribute the large majority of the funds devoted to the education of the children of the nation—and for that matter also contribute most of the children. There is every reason, therefore, why they should assume direction of a matter of this kind, upon which so largely depends the future of their children, and their children's children.

Beginning with any family in one of our seaports, dependent upon the shipping business, and continuing throughout the country into the interior to the family of the farmer, whose produce is either to be sold in this country or shipped abroad, this whole nation of business people is vitally interested in stabilizing business conditions and hence in the farsightedness with which this

important subject is handled; and in this connection, gentlemen, don't under-estimate the extent to which the farmer is entitled to be classed with the rest of us as business men. If anything, he is entitled to be ranked ahead of any of us in that respect, because in many ways he is the best business man of us all. He is the only one who buys everything he buys on credit, and sells everything he sells for cash.

What we need for our system of education throughout the length and breadth of this land is to have the business men consider thoroughly and farsightedly, for what we are educating the students in our schools, and what will best fit them for success in these things which they are to undertake. Then, having determined

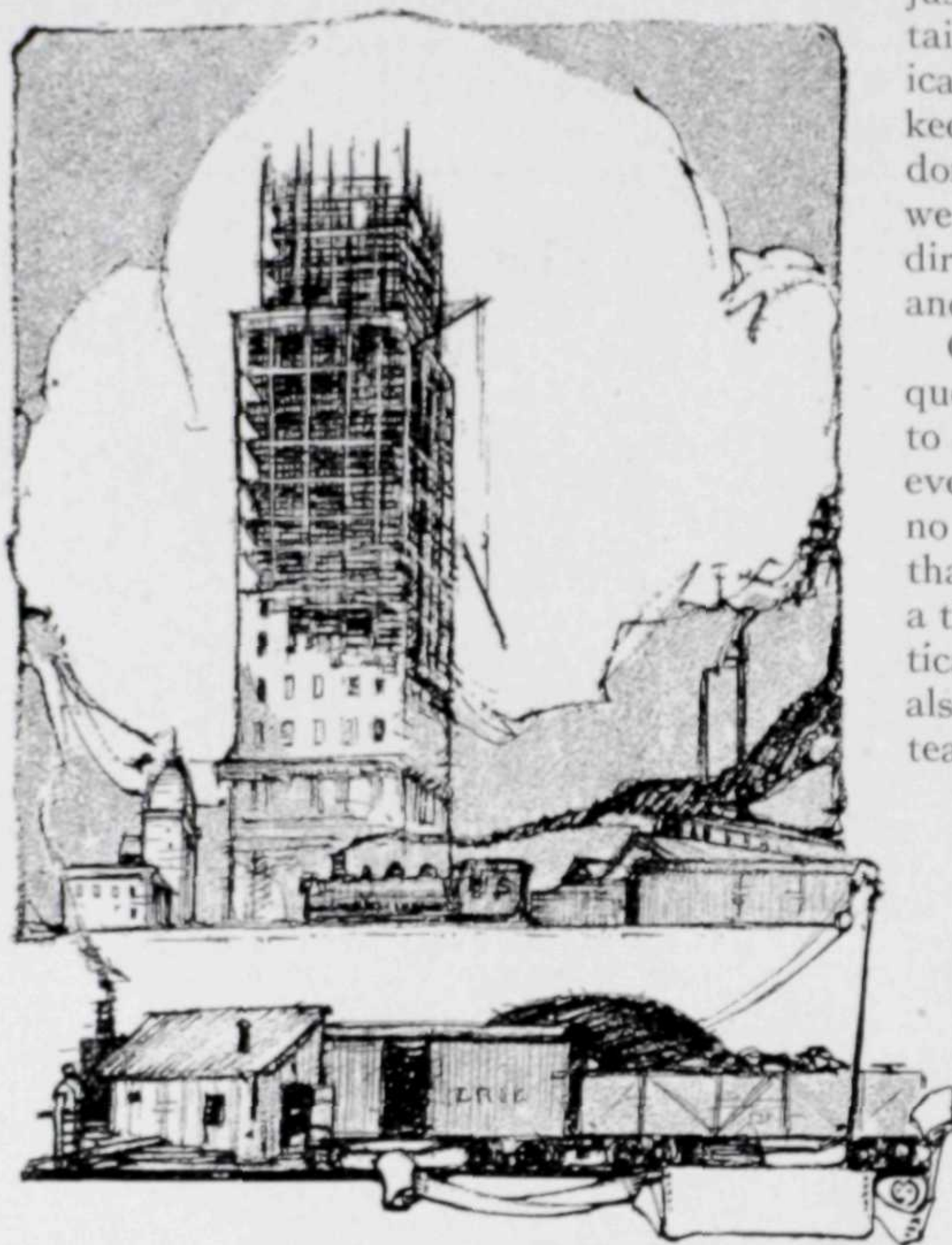
just what results ought to be obtained let us go about systematically to get these results and to keep in touch with what is being done, with just as much interest as we take in anything else more directly connected with our business and upon which its future depends.

Certainly these are not difficult questions to decide, as compared to others which we are solving every day. Certainly we will have no trouble in laying out a program that will enable us to get results in a thoroughly satisfactory and practical manner, a program that will also be entirely acceptable to the teachers. Certainly we owe it to coming generations to devote that kind of thought and effort to the subject; to give to those intrusted with this work, the benefit of our knowledge of business requirements and of our guidance, that these efforts may be so planned as to make every day's work show progress in the right direction.

The number of days which our young people can or ought to devote to study are few enough, in proportion to

the great fund of information which they should gather and can use afterwards most effectually and profitably. Why should we devote such strenuous efforts to the development of efficiency in our business organizations to-day, and what will be the value of it if we do not take thought for the efficiency of tomorrow, and plan for what is well?

START with the little fellows in the primary schools; see to it that time is given and the best methods used to enable them to absorb their arithmetic so thoroughly that it can never get away from them; teach them the history of other peoples, as well as of our own; start with them at a tender age to implant in their minds, ideas of foreign children, which are based upon sympathy and a feeling of reciprocal interest; teach them what the history of our country means to the progress of the world, not only for the past and present but for the future. See that they devote less time to learning the names of generals and



This problem of education would be easily solved if Americans brought to bear on it the resourcefulness and energy that they use in other directions.

the number of soldiers engaged and the number killed in the battles of ancient wars, and more to learning what those wars were about; what the outcome of them meant for us and for the other peoples of the world.

Teach them enough about ancient times to enable them to understand the meaning of the present, and to feel its true relationship to the past, but devote less time to the detailed knowledge of peoples who lived in various parts of the world several thousand years ago, and more to those who live in the same localities to-day.

Let us lay a foundation for a broader view of American citizenship and its relation to the citizenship of the world. We must not forget that it will be a comparatively few years before the children of to-day are deciding our great questions and formulating the policies of our Government. We must not forget that in a country like this, where the laws are passed in response to popular sentiment, there must be among the people generally, an understanding of these questions, and appreciation of their importance, to make it sure that we can promptly arouse a sound public judgment and a demand for legislative action adequate to our opportunities as they develop.

We have seen recently impressive illustrations of our dependence upon the growth of public sentiment throughout the nation, as the only means of obtaining legislation necessary to the needs of the hour. Too often it is a question of our ability to develop a sufficiently general demand for such legislation in time to take advantage of an opportunity. The importance of having the people of the country promptly grasp these situations is increasing every day. The extent to which they will grasp and act on them promptly will depend upon their ability to comprehend the meaning of current history and the import of developments throughout the world.

Until we lay a better educational foundation for the structure of our foreign trade, we are going to find it

exceedingly hard sledding in competition with other peoples, whose ground work has been such as to enable them, individually and collectively, to build the superstructure in a superior manner.

Naturally, the question arises—who should undertake it? In the nature of things, it is not a subject for federal government action, and in many cases if left to the action of state officials, it will suffer delay beyond anything we can afford.

By reason of direct and vital interest, it seems to be the concern of local chambers of commerce, and organizations of like character throughout the entire country. If they will take hold of it promptly, appoint well selected committees to go into it systematically, and work it out as it can best be done in each community, a prompt and effective start can be had, and we can get the benefit of all the best thought and planning that can be given to it by our business men and educators everywhere.

Then as progress is made, this National Chamber can act as a clearing house through which committees from various sections may exchange experiences and get the benefit of the best plans that American ingenuity will have devised.

From the kind of foundation that such a movement will produce, we can develop and train those of our young people who show the right kind of ability and ambition, to the end that foreign people, doing business with us, will come in contact with native-born Americans, and will get from them a true idea of American business methods and the principles upon which they are founded. We shall be able to send Americans as our accredited business representatives to all parts of the world, not only to make favorable impressions for the United States, but to see and grasp trade opportunities and help those at home to develop them.

The Goal The Establishment of a New Order which Depends on Organization along National and Unselfish Lines

THE goal is the firm establishment of the principle of intelligent cooperation in the commercial world of America. Men can cooperate without doing it intelligently, and they can be intelligent without cooperating. Nothing short of a fusion of the two will satisfy the new aspirations of the business community.

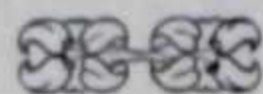
Only during the past five years has it come to be a generally accepted proposition that the well-being of the country as a whole and of business in particular demands organization along national lines. But there may still be a perplexed citizen who doesn't know what all the fuss is about. Why do the butcher, the baker and the candlestick-maker consider it necessary to form a local chamber of commerce, and why is the local chamber a member of the Chamber of Commerce of the United States? What is the mission of a national chamber, anyway?

"This is the true mission of the National Chamber, as I conceive it: To give to the business men of America a clear presentation of issues which are vital to their

welfare and the welfare of the country, and to give with it the advice of a committee composed of men of broad views and wide experience, accompanied by such objections as have been urged against the conclusions reached by this committee. Then after presenting the case to them fairly for their consideration, our further mission is to collect the judgments of these business men and present them to those in a position to determine these issues in accordance with such judgments."

Here we have an authoritative explanation because it is the statement of R. Goodwyn Rhett, reelected President of the Chamber of Commerce of the United States. Mr. Rhett was describing the referendum, that device of the National Chamber for registering the business opinion of the country on questions of nation-wide importance. Any organization which is a member of the Chamber may present a matter for referendum, and it is for the Board of Directors to determine whether or not it is a national question, of sufficient importance to the business of the country to be submitted to a vote, and whether the time is ripe for its nation-wide

A CONFESSION OF FAITH

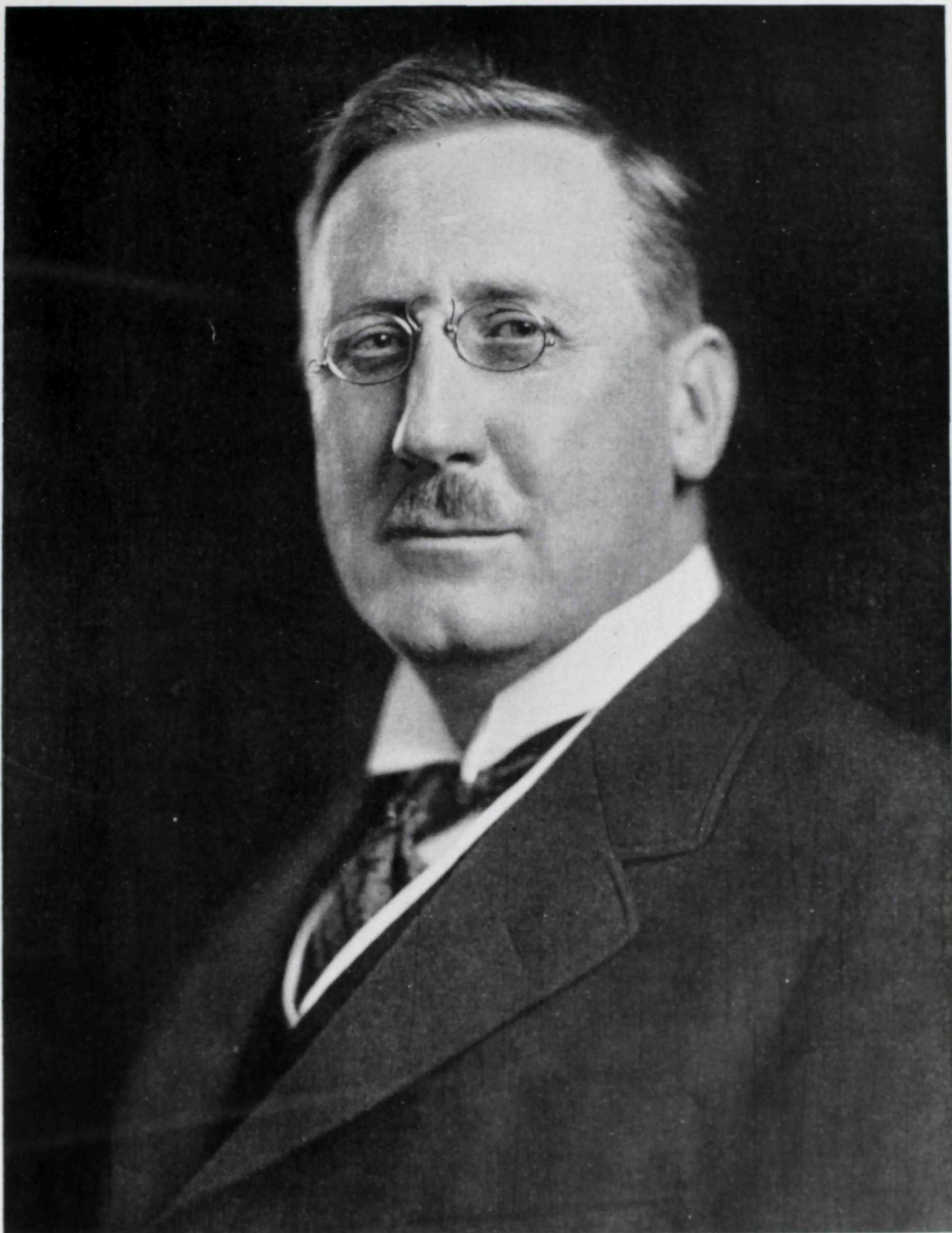


LET US REVERT for a moment to the vision which the first President of the Chamber had of it at its second annual convention. He saw it "reaching back into the community, educating the business sentiment of the largest and the smallest cities, raising commercial spirit and commercial patriotism, inspiring men to public service and teaching them to give their time in order that their communities may be bettered." He saw it "raising a new citizenship, with a new idea, as a result of the education going on under its auspices, that would reach down into every hamlet and every town and make a consolidated citizenship of patriotic men." At the next annual convention his vision had become still clearer. He saw it to be: "The greatest organization that has ever existed in this country, greatest in its democracy, greatest in its beneficence, greatest in its influence upon American life, and greatest because men will absolutely make, as they serve the Chamber, self-interest second, commercial patriotism first, nation above personality."

Let us ask ourselves to what extent that vision has been realized. You who are assembled here to-day, coming from all parts of the country, have had the opportunity of seeing whether that spirit to which he refers has been kindled in your communities. Everywhere I have gone during the past year I have met with the most intense interest in the work of the Chamber, and an earnest desire to contribute towards its service. Some of the spirit of the Chamber seemed to have found its way into the hearts of the people everywhere and stirred them up to greater effort and greater action. Reorganization of commercial associations on new lines has been going on in city after city, and these new lines are extending into wider and wider fields and largely under the inspiration which has sprung from the National Chamber.

A new spirit has been born to the business man of America—a spirit which has touched his better, nobler, bigger self and broadened his vision—a spirit which has brought to him a happiness he had not known before through service for a common welfare, and in sacrifice where personal interest conflicts with that welfare—a spirit which makes men leave their homes and their business six or eight times a year and travel hundreds of miles to attend the meetings of your Board and contribute their thought and counsel to this work, because they believe it is making for more stable and permanent prosperity—for greater rest and contentment—for better legislation and better government;—a spirit which brings you here to-day—some of you from thousands of miles away—to learn more of the work of the Chamber, because you believe it to be the great exponent of that principle of cooperation, to which not only the business men of America must look for the attainment of permanent prosperity, but to which the governments and peoples of the world are beginning to look with hope, if not with confidence, for a solution of their stupendous problems.

FROM PRESIDENT RHETT'S CONSECRATION OF THE CHAMBER OF COMMERCE OF
THE UNITED STATES TO UNSELFISH NATIONAL SERVICE



R. GOODWYN RHETT

As President of the Chamber of Commerce of the United States, opening its Fifth Annual Convention, he voiced the spirit of service, cooperation, and of sacrifice—"a spirit of making self-interest second, commercial patriotism first, nation above personality".

consideration. Subjects which the Board concludes should be sent to referendum are referred to a committee for analysis, and that committee becomes the leader on that particular subject, because it is its advice which is submitted to the member organizations.

But mere votes without a threshing out of the matter at issue are not what the Chamber wants.

"The Chamber, of course," said Mr. Rhett, in opening the Fifth Annual Meeting of the National Chamber, "is a pioneer in its own sphere. It has to blaze out its own pathway, and it must do so by much exploitation. If the results of submitting referenda on the reports of committees show that these reports are confirmed and adopted without a careful consideration of the merits of the question, it may become necessary to change this method of procedure. Wherever the reports fail of confirmation either in all respects or in many important respects, it is a clear indication that the committee has not been carefully selected so as either to draw sound conclusions or else to reach divided conclusions, which would result in a minority as well as a majority report."

When a timorous citizen sees a large and forceful man gathering a crowd of other men, all determined-looking, around him, he likes to get a declaration of principles and of intentions from the leader, to assure himself, if possible, that they are out for the public good or, at least, that they are not preparing to seize more than their share of Opportunity. So let us assure him in the words of Mr. Rhett:

BUSINESS has declared that it is against class legislation, special privilege, and all measures which do not take into consideration the welfare of the people of the country as a whole. To insure that end, its organization, the National Chamber, has associated with itself national associations of particular lines of business and local chambers of commerce which embody the business of the various municipalities in the country; and it calls upon all such organizations to consider these issues as they affect their respective lines of business and localities. It declares that it will not urge upon whomsoever may be the responsible parties any course which is not concurred in by a two-thirds vote of its organization members. This of necessity means any measure which is not for the welfare of the entire people of this country as the business men of the country see it. Now, it is manifest that the National Chamber will not reach its ultimate goal until its organization members cover every line of business and every municipality, however small or large, in the country; and until these organization members actually inform their individual members of the contents of our referenda and send us in a vote which represents the actual sentiments of these members based upon the contents of the referendum pamphlets. Inasmuch as these pamphlets are widely distributed and their contents open to every criticism, it is evident that if we do not present our questions clearly and our arguments fairly, it will be brought to our attention promptly and promptly corrected.

"Now, the most important problem before us today is how to get the business men of America to give the brief time necessary to read what has been carefully prepared by a number of able and busy men who have given days and weeks and sometimes months of their time to it;

and then, having read these pamphlets, to record their judgments as to what is for the welfare of the country as they see it.

"The effect of the votes we get is going to be in exact proportion to the weight behind these votes as measured by this standard."

THE National Chamber does not believe in coercion, as witness again Mr. Rhett:

"There has been at times a great deal of impatience at our failure to get results, and considerable criticism of our failure to use more strenuous methods for bringing Congressmen to see things from our standpoint. At the recent meeting of our Councillors some one suggested that it was time we should begin to talk to Congressmen in the only language they seem to understand—that is, the language of fear. Our whole organization is a protest against this language; it is an appeal to Congressmen to consider measures from the standpoint of the public welfare and not from the standpoint of their chances of re-election, as impressed upon them by those who believe in and adopt the language of fear alone."

Even the president of twenty-five corporations (that's the number to Mr. Rhett's credit) must depend upon his lieutenants. Therefore it is interesting to know what he thinks of the men who are cooperating with him:

"Every member of the staff and of the office force in whatever capacity and whatever department seems to have caught the spirit of service for which the Chamber stands. They have no thought of self when the work of the Chamber is to be done.

"Those who have been called for service upon our special committees during the year have responded to the call with splendid spirit. They all seem to be awakening to a fuller realization that they are called upon to act as the leaders of the business men of the country in the solution of great national questions; that their advice is to be sent into every part of the land and its soundness is to be tested out by the judgment of their fellow business men. During the year there have been issued eight referenda—almost as many as had been issued during all of the previous years. There is a constantly increasing pressure for the submission of questions to referendum, and one of the most difficult tasks of the Board is to hold these down to a reasonable number and to confine them to questions of the highest importance. The subjects sent to referendum during the year were—The Seamen's Act, Maintenance of Resale Prices, Vocational Education, National Defense, Prevention of Railroad Strikes, Combination as Related to Natural Resources, The Veto of Separate Items in Appropriation Bills, and a second referendum on the Prevention of Railroad Strikes and Lockouts."

The patient animals which have provided us with leather since the stone age now have some reason for offense. They may have to contest with both fish and fowl for our further patronage. Our own Bureau of Fisheries is telling us what excellent leather shark skins make, and at the same time a South African displays tanned ostrich hides. Logically enough, the latter are described as "entirely different from the leather of any other animal."

Who, Then, Shall Run Our Railroads?

Transportation, the Nation's Vital Force, Must Be Regulated Federally and Not Left to the Mercy of State Legislators, Strikers, or Stock Manipulators

By WALKER D. HINES, Chairman of the Board, Santa Fe Railway

AS business men one of our most urgent needs is continuous, prompt and efficient rail transportation. That means the railroads should have plenty of main tracks and terminal tracks, plenty of locomotives and cars, plenty of shops and round houses. The country is growing rapidly and all these railroad facilities must be improved and increased rapidly in order to keep up with your increasing needs for transportation. The greatest business problem today, is to find the proper answer to the question what changes ought to be made in railroad control or regulation to insure the necessary increases in facilities and the necessary continuity and efficiency of railroad service.

This question ought to be solved on the broad principle that the sort of railroad regulation which is best for the people of this country as a whole is what is best for the business men of the country and that is the sort of regulation which the railroads ought to be, and I believe are, willing to accept. When I speak of what is best for the people of the country as a whole, I mean to put the welfare of the people as a whole above the selfish interest of any particular section of the country or any particular class of citizens. It may be that a particular state with an exceptionally strategic position could so regulate the railroad business as to get for the time being some benefits for itself at the expense of the rest of the country and it may be that some classes of citizens, as, for example, the members of the Railroad Brotherhoods could, if given unrestrained power to combine to promote their immediate interests, get for the time being special benefits from the railroads at the expense of all other employees, and at the expense of the country as a whole. The sort of regulation which

business needs is the sort which subordinates special interests to the interests of the country as a whole.

The business of the country will be subjected to a grave danger as long as labor organizations are permitted without restraint to stop interstate transportation for the purpose of promoting their private interests. This danger is just as real now as it was last August and a failure to deal with the matter so as to insure governmental control of this problem in the interest of the whole people will leave business subject at any time and from time to time to be paralyzed whenever the Brotherhoods believe that their private interests will be promoted by bringing about such paralysis. The present absence of strike talk on the part of the Brotherhoods is merely temporary. Perhaps it is just the velvet glove to cover the iron hand in the hope that through that expedient Congress may be induced to let the session end without legislation to protect the public interest against the paralysis of interstate transportation.

THIS menace will arise whether the Supreme Court holds the Adamson Act is constitutional or holds it unconstitutional. That Act, even if constitutional, will necessitate many readjustments which must be matters of agreement between the railroads and the train service employees and you can be prepared to hear threats of strikes if the matters are not agreed to as the Brotherhoods demand. Moreover, you can also count upon it that if the Brotherhoods receive the encouragement which will come from the passage and upholding of the Adamson Act on the one hand, and from the failure, on the other hand, to pass any legislation to protect the public against tying up the railroads, additional demands



Freight continues to pile up in the railroad yards at New York like water in a dammed stream. Millions have been lost because the cars must wait for ships to take their loads. The car famine has become so acute that heavy freight is often dumped beside the road and the empties hustled back to mills that are crying for relief.

will soon make their appearance and somewhat later the country will be forced to do what it ought to do at present, that is to make effective provision for subordinating the private interest of the Brotherhoods to the public interest of the whole country in the continuity of railroad transportation.

YOU have observed that the Brotherhoods urge that their ability to paralyze business must be left unrestrained because otherwise the sacred right of freedom will be impaired. But when you get right down to fundamentals you find that all their arguments amount simply to the contention that the right of this special class of society is paramount to the right of society as a whole and that the ability of this special class to paralyze business at will is more sacred than the right of the Nation to prevent such paralysis in the public interest. There can be no doubt as to the unsoundness of this contention. The practical question is whether those who want this matter settled in the interest of the whole public will be able sufficiently to impress their wishes upon the Government to obtain the protection which the public interest requires.

Coming now to other questions of governmental control, I believe we can lay aside at the outset the notion that the business men of this country want Government ownership and operation of railroads as a means of getting adequate and efficient rail transportation. Political railroad management will not give as good transportation service as can be obtained under private management.

I am sure the business of the country is bitterly opposed to "pork barrel" legislation, whether for rivers and harbors or public buildings or other purposes. I am sure the business men of the country will not wish to extend the opportunities for "pork barrel" legislation to the vast problem of extending and improving the railroads and railroad facilities. If you have a vivid imagination you may be able to approximate a realization of the efforts which Congressmen would make to get branch railroads built in their districts, to get new depot buildings built in towns large and small, and to get all those things which might tickle the fancy of their constituents, and along with this you can probably also imagine how little importance would be attached to the far greater problem of supplying continuous appropriations to do the really great things, such as keeping the whole railroad plant abreast of progress, improving the roadbed, strengthening bridges, improving rolling stock and all those things which do not tickle the fancy of constituents in a particular congressional district, but which are indispensable to the adequate handling of business.

When we come to consider the specific things which ought to be done so that railroad operation shall be adequate and efficient to meet fully the demands of business and the needs of the public, I think that business men are in agreement also on the proposition that a reform of great importance is to terminate the present multiplication of regulation by 48 states in addition to the Federal Government. It requires no discussion to convince one that no enterprise can prosper when its revenues may be cut down and its expenses may be increased by 48 different states each acting independently of the other, and by the Federal Government in addition.

The whole scheme of state regulation of rates, in addition to Federal regulation of rates, rests upon a fiction. Take a railroad that runs across five states and that not only carries traffic from each of those states to each of the others, but also carries traffic that is destined all the way across the continent. The railroad crosses state lines but those state lines are imaginary and have no business significance in the maintenance of the railroad or in the operation of trains. The business of this country completely ignores state lines. You do not ship from one state line to the next and then break bulk and reship across the next state. Railroad terminals are not placed at state lines, but they are placed according to geographical and topographical and business requirements. A railroad division may be entirely in one state or may cross three or four states. The location of the state line is a purely accidental circumstance as far as the business aspects of the question are concerned.

BUT by reason of the present artificial system whereby intrastate traffic is treated as a substantially distinct thing from interstate traffic we find processes which offend the first principles of business management. We find there has to be the most elaborate accounting in order to create a separation of expenses between intrastate traffic and interstate traffic. We have to work on the fiction that the business handled in the state is handled at a separate cost from the business that crosses the state line. We have to take a train which handles business indiscriminately, both intrastate and interstate, and evolve some elaborate formula to make a series of approximations to decide what part of the cost of that train relates to intrastate business and what part relates to interstate business. There can be as many different formulas as there are people to deal with the subject and no two states have to adopt the same formula.

You may have a situation of this sort: A ton of freight may be hauled 50 miles in the State of Missouri immediately west of the Mississippi River. Another ton of freight may be hauled by the same railroad and the same train for 50 miles in Illinois immediately east of the Mississippi River. Another ton of freight may be hauled by the same railroad in the same train 25 miles in Illinois and 25 miles in Missouri. The present theory is that those three transactions represent three distinct kinds of business handled at three distinct costs and subject to three distinct sovereignties. The traffic officers and the statisticians and the counsel of the railroad company may have to travel to Jefferson City, Missouri, in order that a railroad commission at that place may decide how much it costs to handle the ton carried 50 miles in Missouri and what sort of rate the railroad company ought to have. Then these traffic officers and statisticians and counsel may have to travel to Springfield, Illinois, and appear before another railroad commission, to ascertain the cost of handling the ton of freight in Illinois. Then these traffic officers and statisticians and counsel may have to travel to Washington and appear before a Commission appointed by the President in order to find the cost of transporting the ton which is hauled 25 miles in Missouri and 25 miles in Illinois, and what rate ought to be allowed to compensate the railroad. All the transportation is done by the same railroad company over the same track and probably in the same train

and between the same division points, and yet we have three separate commissions regulating this single and indivisible railroad enterprise.

We pile up statistics and multiply the labors of the railroad people and multiply the taxes of the public in order to work out an imaginary problem as to what is the separate cost and as to what ought to be the separate rate for each of these 50 mile hauls performed on the same railroad and by the same train.

ANOTHER feature of great importance is the regulation of the issue of railroad securities. One of the things of most vital concern to the railroad world is the raising of additional money which is necessary to enable the railroads to provide the additional facilities which the business of the country needs.

This money can be raised only by the issue and sale of stock or bonds or other evidences of indebtedness. It is of the highest importance that there should be a consistent public policy pursued with reference to this vital matter.

Each state's stock regulations are entirely independent of other state's and is entirely independent of what the business of the United States may need. It requires no further discussion for business men to understand clearly how completely obnoxious to business principles is this method of dealing with a vital business proposition. The federal government ought to confer on the railroad companies the power to issue such securities as may be appropriate to raise funds in the public interest and ought to confer upon the Interstate Commerce Commission the exclusive power to supervise these issues.

The fundamental need of the entire railroad situation, is the need for sufficient net income to enable the railroad companies to raise enough new capital to continue to expand their facilities as the growing business of the country requires. Nearly everything else in the railroad situation is only a means to the accomplishment of this great end. One feature of the situation is that if a railroad company raises all its new capital by borrowing money, it will get to the point where it destroys its credit, because its debt will be entirely out of proportion to the equity in the property belonging to the stockholders. Therefore to preserve the credit

of the railroads over a long period of time it is indispensable that a substantial part of their new money shall be raised by the sale of capital stock and in order to accom-

pish this end it is indispensable that the railroad company shall have a net income sufficient to enable it to pay an attractive rate of dividend upon its stock.

Therefore, anything which tends to undermine the ability of the railroad company to earn a net income sufficient to enable it to pay attractive dividends upon its stock will prevent the railroad company in the long run from obtaining enough new capital to continue to meet the growing demand of business. Undoubtedly the present situation contains a serious menace to the enjoyment of adequate net income for this purpose. We find all the different states exercising the power to cut down rates and also

exercising the power to increase expenses through imposing innumerable requirements which add to the burdens of operation. Yet each of these states is entirely independent of the others. The policy of each is controlled by its own legislature, elected for a short term, and each member of the legislature generally represents the interests only of the county or district in which he is elected.

This country has been enjoying an unparalleled and unforeseen prosperity on account of the war. It would be strange indeed if the railroads did not get some crumbs of this prosperity. But we find in some quarters a disposition to assume that because in the immediate present on account of abnormal conditions the railroads have been able to earn something less than 6% upon the investment in the railroads, there is no reason to worry about the future of the railroads, and hence that adequate reforms in railroad regulation may be indefinitely postponed. No such argument can appeal to a business man who takes a wider survey than is possible if only the immediate present be looked at.

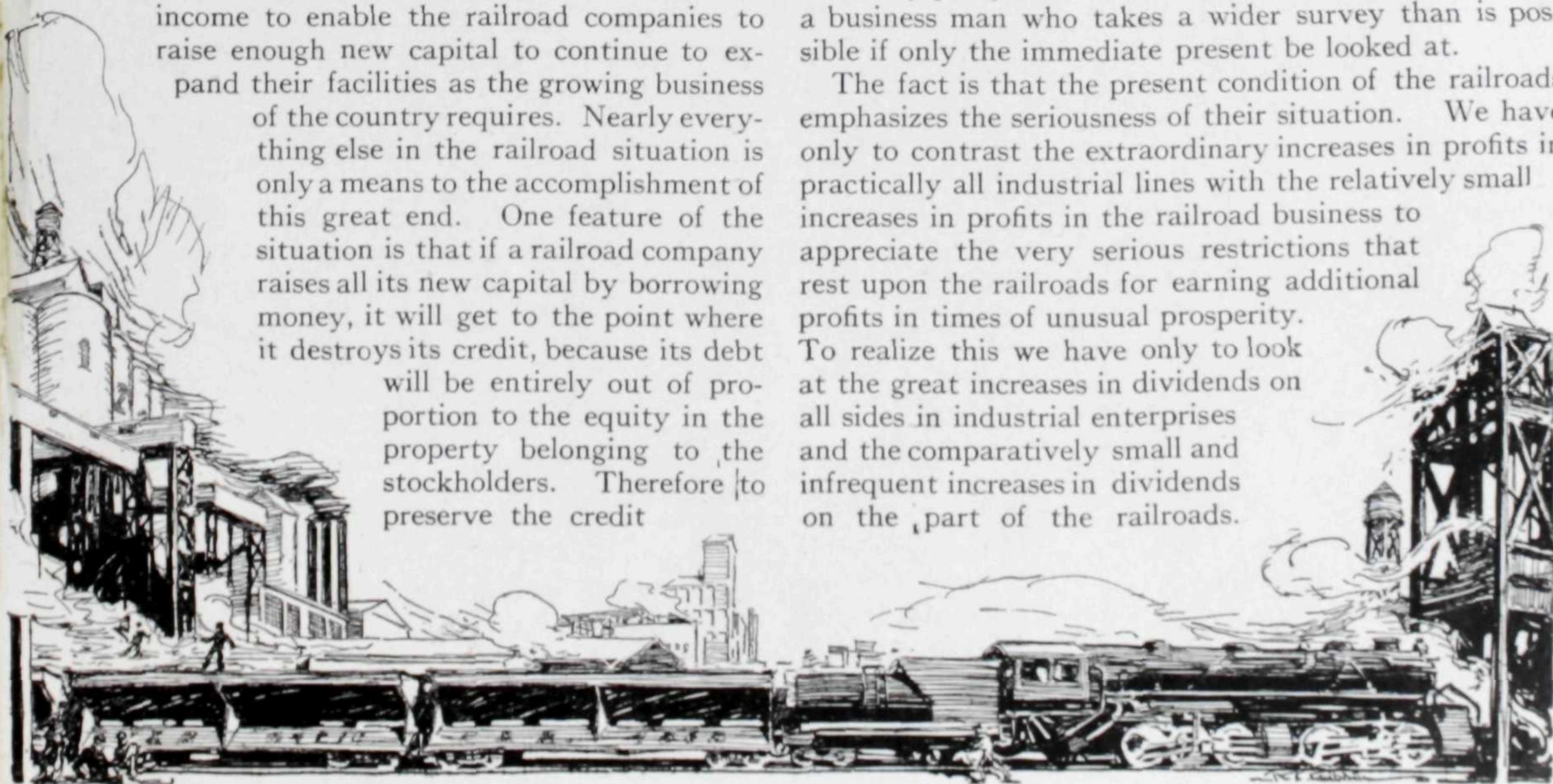
The fact is that the present condition of the railroads emphasizes the seriousness of their situation. We have only to contrast the extraordinary increases in profits in practically all industrial lines with the relatively small increases in profits in the railroad business to appreciate the very serious restrictions that rest upon the railroads for earning additional profits in times of unusual prosperity. To realize this we have only to look at the great increases in dividends on all sides in industrial enterprises and the comparatively small and infrequent increases in dividends on the part of the railroads.

Strong medicine from Mr. Hines' article:

The railroads should be regulated in the interest of the whole public and not in the interest of special classes or sections.

Continuity of transportation cannot be relied upon so long as the government permits that continuity to be interrupted at the pleasure of the Railroad Brotherhoods.

Adequate and efficient rail transportation which business needs will be prejudiced by Government ownership and can only be promoted by recognition of the plain business fact that a railroad is a single business concern and its operations ought not to be split up into imaginary parts for regulation by the various States but ought to be regulated in a comprehensive way in the interest of the whole public by the Federal Government.



In the Laboratory of Citizenship

Our Commercial Organizations are Undertaking to Assist Democracy in its Job of Transmuting the Polyglot Immigrants into Americans

By FRANK TRUMBULL*

IN every industrial centre immigrant workmen create problems that are social and civic as well as industrial. In attempting to deal with these, American business men and taxpayers have become increasingly aware of the fact that immigration is a national as well as a local matter, and that as such it must be dealt with in a national way before there will be a satisfactory local adjustment. America needs a sound admission and exclusion law based upon its industrial opportunities and needs, upon territorial facilities, and upon citizenship standards. America also needs a domestic immigration policy for the distribution, protection, and education of aliens during the period preceding their admission to citizenship. In the absence of such policies, we have a badly adjusted labor supply, congestion in one place and rows of deserted houses in another; in some communities, heavy burdens of education cheerfully and ably met; in other new industrial towns, educational demands altogether beyond the resources of an undeveloped community.

Our chief immigration problems now are the shortage of labor and the industrial training and Americanization of immigrant workmen. The nation-wide Americanization movement is part of the present-day trend toward humanizing our industries. It aims to take what is commonly called welfare work out of paternalism and make it a part of legitimate business organization everywhere. There is no agreement among American employers now as to the extent and manner of its organization or where it really belongs. There are no recognized standards. What we need is to extend scientific methods to the human phases of industrial organization and give welfare work a more definite place and recognized standards. The engineer as the consulting mind of industry must be a leader in this work, but the chamber of commerce must be the clearing house by which men may know what is being done and why some experiments fail and others succeed. The Immigration Committee of the Chamber of Commerce of the United States is acting as such a clearing house and standardizing agency for local chambers of commerce and industries.

IN looking over the field, the committee found the usual immigration problems of admission and restriction, and of the distribution of the labor supply upset by the conditions abroad and by the resulting conditions here. The committee found also an insistent demand

for practical Americanization work which would strengthen the unity of the country, and therefore in mapping out its work during the past year, it included such activities as:

The preparation of a service bulletin with suggestive programs of work, so that constructive campaigns to secure the use of the English language and to promote better citizenship might result.

The organization of "America First" dinners on Washington's Birthday, February 22d, 1916, under the auspices of local chambers of commerce, to discuss industrial and labor conditions and how best to "get together" American and foreign-born residents.

An inquiry into the probable effects of the war on immigration and emigration.

The distribution by individual industries, through the medium of chambers of commerce, of a "pay envelope series" of twelve civic lesson leaflets for better citizenship, printed in English and in foreign languages.

Legislation—the following up of proposed legislation on immigration matters so that definite action might be recommended.

The making of immigration surveys for local chambers of commerce and industries in isolated communities, as a foundation for practical Americanization work.

To learn the condition of immigrant workmen throughout the country, surveys were made of 244 industrial towns and communities, the data gathered including the following: Number of foreign-born adults and minors; use of the English language, whether required or preferred in business, and facilities for learning it; citizenship, especially the number naturalized, length of residence in United States, facilities for naturalization and American contacts and influences; methods of securing labor, hours and wages, number of shifts, and whether the "war boom" resulted in benefits or hardships; housing, rates charged, congestion and cleanliness; health and sanitation, water supply, garbage collection and disposal; condition of women and children, wage earners, hours of work, American contacts, number of children in school and interests out of school; savings and investments, earnings and how spent, banking facilities; recreational facilities and general community life.

A summary of this information was sent to chambers of commerce or other commercial bodies, industries and other local organizations with definite recommendations for practical Americanization work.

Among the conditions requiring the attention of local chambers of commerce or large industrial plants were the heavy labor turnover in industries employing immigrant workmen, the generally inadequate housing fa-

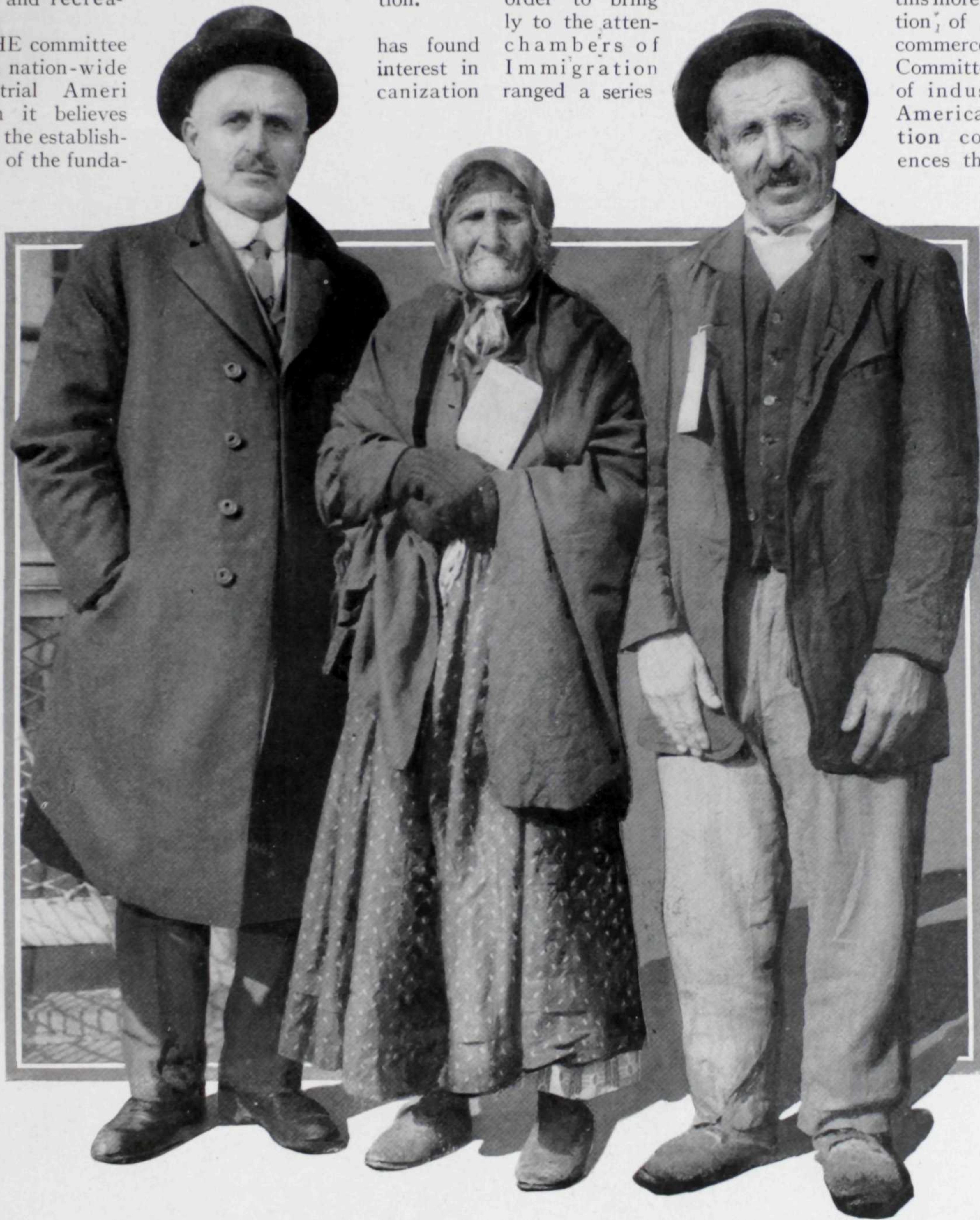
*Mr. Trumbull has devoted the past year to an exhaustive study of the various problems growing out of immigration. With him in this study have been associated such well known men as J. F. Denechaud, New Orleans; Malcolm McDowell, Washington, D. C.; Herbert Myrick, Springfield, Mass.; Julius Rosenwald, Chicago; B. J. Rothwell, Boston; A. C. Weiss, Duluth; B. L. Winchell, Chicago; Alexander Hilton, St. Louis; Bolton Smith, Memphis; Walter F. Willcox, Ithaca; W. F. Hypes, Chicago; Marion E. Hay, Spokane; Felix M. Warburg, New York City; Raymond Price, New York City; Gano Dunn, New York City; George A. Cullen, New York City; Richard H. Edmonds, Baltimore; William Fellowes Morgan, New York City. We congratulate our readers and ourselves in being able to present herewith the result of such a forward-looking study.—EDITOR.

cilities and the congestion resulting from the "boarder" system; the insanitary living conditions created by the mushroom growth of the munition towns; the lack of American influences in the home life of the immigrant workman; the need for facilities to learn the English language and the American social ideals, and the need of insuring to immigrants generally equal opportunities with the native-born for work and recreation.

THE committee has found a nation-wide interest in industrial Americanization which it believes to be the establishment of the funda-

mental principles of Americanism in the relationships of men in all industries protected by the American flag. The minimum requirements appear to be: American citizenship and undivided allegiance; a common language; one American standard of living; one American industrial standard; a home stake in America; reasonable stability of population; industrial justice—the same standard for employer and employed. In order to bring this more clearly to the attention of local chambers of commerce, the Immigration Commission has arranged a series of industrial Americanization conferences through-

ment of the committee. In this more clear-ly, of local commerce, the Committee arranged a series of industrial Americanization conferences through-



Here is an endorsement of Americanism so clean-cut and dramatic that it is worth a library full of books. Samuel G. Saklemian, of Newcastle, Pa., came to New York to meet his mother and brother from Armenia. See if you can tell from the countenance, dress and carriage of the two men, which one first immigrated to the United States.

chambers of commerce in fourteen cities at which local conditions were presented, principles of work discussed, and methods of Americanization outlined.

Many of the cities have since followed up the suggestions outlined and a number of improvements have been made in various industries. As illustrations, may be cited New Haven, Conn., which, under the direction of the Chamber of Commerce, made an industrial survey of the city covering vital statistics and data on transportation, housing, families, schools and recreation; Youngstown, Ohio, which by a referendum vote of the members of the Chamber of Commerce has raised funds and arranged the following program for the year: The employment of a paid secretary to organize and direct the Americanization work; the creation of a council of immigration among the leaders of the foreign-born residents to distribute information on health, sanitation, police regulations, thrift and investments; the organization of city-wide Americanization activities in industrial plants; the development of trade schools; the encouragement of home-buying; the bringing about of closer relations between merchants and foreign purchasers; the organization of

clean-up campaigns among children and the establishment of a Legal Aid Society; and Akron, Ohio, whose leading industries raised \$9,000 to establish free night schools to teach adult foreigners the use of the English language and civics.

In many cities the Immigration Committee found considerable interest in immigration and a desire to undertake Americanization work, but no organization for carrying it on. In such places it suggested the appointment of Americanization or immigration committees and placed its facilities at their disposal, sending suggestions for local work and for meetings and suggesting or securing speakers. Chambers of commerce of 31 cities in seventeen different states now have Americanization or immigration committees.

THE city of Detroit was an ideal center in which to illustrate what could be done by a board of commerce to Americanize a city. In five years its population had increased from 465,766 to about 700,000. In 1910, thirty-three per cent of the population was foreign-born and seventy-four per cent was either foreign-born or of foreign parentage and 38,038 were unable to speak English. In 1915, with a population increased by about 300,000, only 2,838 persons were enrolled in the public night schools. That was the



Immigrants on Ellis Island waiting to be ferried to the New York dock. In 1916 only 298,826 aliens were admitted, against 1,197,892 in 1913. You may take your choice of prophecies as to whether there will be no immigrants or more than we can take care of after the war.

situation when the Board of Commerce took the matter in hand. It first organized a publicity campaign to fill the night schools. The result was an increase in attendance of 153 per cent. The campaign was so successful that the Board finally embarked on an all-year-round program of Americanization work. A full time secretary for this work was employed and the cooperation of nearly all the important industrial plants was secured. Some of the most striking results include a citizenship census of foreign-born workmen in industrial plants; cooperation between works superintendents and night school teachers; the exchange of weekly reports showing regularity of attendance of individual workmen; incentives for regular night school attendance in the form of promotion and wage increases; increase in length of the night school term; employment of public night school community centre directors to stimulate the use of the school building as a social centre; open air shop talks on naturalization; opening of night sessions of the naturalization courts. The Board is now planning legislation for the creation of a state board of immigration.

Notable achievements by other Americanization committees include educational work in various cities, with classes established in some cases in the plants, and with special citizenship classes; the organization of neighborhood associations in immigrant districts for Americanization work in homes; the opening of the first night school for foreigners in Montana; night school campaigns, with shop meetings, etc., conducted under the auspices of boards of commerce in cooperation with boards of education in various places.

Bulletins containing suggestions on education, citizenship, sanitation and housing were prepared and sent out by the Committee. Outlines for an evening campaign, including a survey of industrial conditions, were also distributed. The Committee also carried on a considerable amount of general educational work, consisting of addresses on various aspects of industrial Americanization, the publication of special articles, and the distribution of manuals and reports.

A series of leaflets, containing brief lessons in civics, was prepared by the Committee for distribution in pay envelopes. They were sent out through about 700 chambers of commerce and about 1,000 industries. These leaflets, printed in English, Italian, Polish, Lithuanian, Hungarian and Slovak, met a real need for a simple method for carrying to the immigrant workmen simple information about his immediate needs.

THE miscellaneous work of the Committee included "America First" dinners, held in 24 cities, at which employers and representatives of the foreign born industrial forces met in many cases for the first time in any other but a business relation; industrial Americanization conferences to organize the interest of employers in this work and secure some agreement upon standards. In addition to these conferences in various cities under the auspices of local chambers, there have been two conferences in New York City under the auspices of the Immigration Committee, bringing together at one industrial leaders, at the second engineers, interested in industrial organization. A third conference to be held in the near future will include chiefly publishers and editors.

The work of the Immigration Committee during the

present year will be along such lines as encouraging the appointment of immigration or Americanization committees in local chambers of commerce to deal with local conditions; aiding local chambers of commerce and industries in planning and carrying forward surveys of industrial communities and analysis of industrial plants, looking toward the installment of Americanization measures; distribution of immigrants to industries and to the land and improvement of conditions in transit; cooperation with the Division of Immigrant Education in the Bureau of Education in its "America First" campaign and other work; study of methods of interesting immigrants to invest their savings in America and to safeguard such investments, in cooperation with the Thrift Campaign Committee of the American Bankers' Association; directing to the rural districts such immigrants as are best qualified by previous experience for agricultural work and cooperating with existing farmers' organizations to this end.

A big problem which may confront industrial America is the keeping of workmen here after the war. With the close of the war we shall have to deal with trade adjustments in which this exchange of outgoing trained and skilled men and women for incoming inexperienced and perhaps physically inferior men and women will be very important factors. We shall also have a considerable redistribution of workmen among our own industries.

University Holds Commercial Congress

THE cap and gown are becoming so familiar in the world of business that the announcement that the University of Wisconsin will father a Commercial and Industrial Congress February 20, 21 and 22, dealing with salesmanship, advertising, cost accounting, factory organization and management, methods of securing more rapid turn-over, food prices and business efficiency, is received as if universities had been doing these things for a century. February 22 is to be the "red letter day" of the Congress.

Besides the general sessions, sectional meetings and Round Table discussions will deal with specific problems of concern to the retailer; the manufacturer, the banker, the commercial secretary, in short to every man interested in developing his town and building up his business. R. G. Rhett, President of the Chamber of Commerce of the United States, will address the Congress on the aims and accomplishments of that organization.

Commercial organization secretaries will have opportunity to take part in intimate discussions of all the problems and trials that beset the average secretary. These topics include: size of membership dues and means of collecting them; graded and multiple memberships; professional vs. home organized chambers of commerce; means of stimulating association interests among the directors, committees, general membership and the community at large. Beyond these, there will be heart to heart discussion and exchange of ideas on methods for getting over those ever recurring "family disturbances" involving grievances among members, factional differences in the community, and the knotty problem of soliciting funds for special purposes.

And During the Argument, the Thing Happened

The Question For Debate Is No Longer, "Shall We Enter Foreign Trade?" We Are In With Both Feet Right Now, and We've Got To Stay In

By Secretary WILLIAM C. REDFIELD, of the Department of Commerce

IT is clear to anyone who looks at all beneath the surface of current commerce that the period of transition from war conditions to peace conditions in our industries has already begun. The change has come almost unnoticed, at the very time when many voices were raised to say it could only come with shock. Little by little the industries of those countries, from which we have received orders for war munitions have developed until their output of war supplies has become sufficient and the products in these lines of our own factories have become unnecessary. To-day it is publicly stated that the 4,600 factories which in Great Britain are supplying that nation with the necessities of war are furnishing an adequate supply.

The drift on this side the sea has been rather toward placing munition orders in Canada than with us. In our land the orders have changed over from finished munitions into demands for the materials out of which munitions can be made.

These materials are in chief part our normal product in time of peace, and the development of which I speak has meant no less than that the form of our product which

the belligerents are now demanding is rather to-day the form of peace than the form for war.

Many of our factories supplying belligerents now are doing so along lines normal to their peace product, and the change toward this condition is progressive.

Furthermore, a saner view of future conditions has come. It is now well understood that belligerent nations are rather looking toward guiding their imports than pouring forth upon our feeble and unprotected heads a vast volume of finished products accumulated with fell intent, upon our markets.

We see now that with the war's close there will come demands for lumber, for cotton, for agricultural machinery, for finished forms of iron and steel of many kinds. We see more clearly that we must be called upon both for the funds and for the goods for rehabilitating a devastated Europe.

We no longer reckon vast economic loss as implying superior economic power. Our part in the coming days of peace is to be one of initiative, of active reconstruction, not one of more or less feeble resistance to foes strangely grown powerful through terrible disaster.



© UNDERWOOD & UNDERWOOD

Havre ranks second to Marseilles in the ports of France, its trade the year before the war amounting to nearly \$617,000,000. Its position on the English Channel and at the mouth of the Seine insures its activity in both internal and foreign trade. The shipyards of Havre turn out battle ships as well as merchant vessels and there are located in the city works for the manufacture of guns and heavy ordnance, electrical works, chemical and glassware factories and sugar refineries.

In former addresses on this theme I have spoken frankly of certain serious weaknesses in American industry. I question whether these are yet in any material degree understood among us as they ought to be. Germany for many years has made the men of science welcome in her factories. We have, with fine exceptions indeed but on the whole quite unanimously, given the man of science to understand he had little place in a practical industry. We have been content with a wastefulness which has thrown into the sewer or the stream products out of which Germany has created her entire dyestuff and explosive industries. We have been willing in one or another way, to waste or destroy some thousands of tons of paper daily, all of it available for making new paper, while buying about one-half our paper-making stock from abroad. The school children of Washington, who have saved since the fall term began some 350 tons of old newspapers, for which they have received in cash about \$3,600, have set an example to the whole country, which is slowly making its way into the consciousness of a people with whom waste is an engrained habit.

First of all, we cannot think of matters commercial as we used to think. The business philosophy of the past is not the business philosophy of today. We were debtors then; we are creditors now. Things strange to

our thought then are familiar. The unwise, the impossible then, is the normal and the necessary now. We looked to Europe then; we must look to ourselves now. Some of us glorified the home market then; if we would keep that home market alive we must sell abroad now. We stood, in a measure, apart. Now we are tied to all the earth by tingling nerves of finance and of commerce. Foreign trade was to most of us a more or less interesting excursion; now foreign and domestic trade are one and inseparable, which stand united or fall divided. Then Europe held the great stocks of gold; today we hold them. We must protect our stock of gold. It is the sole basis for all our credits, and the farmer, the miner, and the merchant alike know, or ought to know, that if others may wrest from us in any large measure that stock of gold our power in every village to grant domestic credits is thereby diminished. If we are to be able freely to loan here at home as we ought to do for our domestic needs, we must needs sell abroad or lend abroad or invest abroad, for in one of these three ways or in all three of them together we must protect that reserve on which every domestic credit in the final analysis depends.

THREE years ago it did not matter so much whether somebody established an American business in Argentina or South Africa. Today somebody must establish



© UNDERWOOD & UNDERWOOD

Copenhagen means Merchants' Haven, and justifies its name by handling through its port over one half the commerce of Denmark. While shipbuilding is the principal industry, there are large factories of sugar, machinery, textiles and porcelain ware. Also Copenhagen is the home of Denmark's largest financial institutions.

those businesses in those countries or in others or else the alternative may be that we shall lose our grip upon the reserve on which all our home credits depend, and these last may shrink and dry.

These new conditions are at once searching and inspiring. They are not the results of fancies but of forces, and these forces will have little regard for individual opinions and none at all for back numbers. If we are not fitted for or adjusted to the new day its light will not shine for us. We may have had no chemist in our shop, but the day of the chemist is here, and if we do not wish one we may have to stand aside in favor of him who sees more clearly.

THIRTY-FOUR of the nations have adopted a modern system of weights and measures. We retain one that stands as a bar across that path to foreign trade which it is necessary we should tread. Yet when one suggests that America take the step that her great competitors have done, there are those who almost foam at the mouth, using personal language, who cease to be gentlemen. A great English leader said within a few days, that England must drop her ancient system of weights and measures and adopt the metric law if she is to keep her place. No one proposes any arbitrary imposition here of any system, anywhere. But surely it is time that men of light and leading in calmness and with quiet minds, should weigh deliberately, if not decimally, the question whether we can stay a back number in this respect much longer. There is no argument for the continuance of our decimal system of coinage which does not apply to the decimal system of weights and measures as well. It is an absurdity that there should be so many different kinds of bushels in America as to take four pages of fine print in a Government publication to describe them. You probably would not urge that China is a progressive nation, but her weights and measures law is more modern than our own.

Either we are to be in the great world or out of it. We cannot hope to maintain an arbitrary, absurd system of weights and measures, separate to ourselves, while at the same time we are taking a prominent place in the councils and the commerce of the nations. We might almost as well enter into public discussion with our mouths gagged. It is one of the handicaps of which we must free ourselves, not necessarily in haste, but steadily and certainly. Indeed, as this is written the work is going on. Great factories are turning out products made to the system of weights and measures that the world recognizes.

THERE emerges as perhaps the most important present contribution to our progress, the dawning day of cooperation among us. Long we worshipped at the shrine of competition. But competition in its worst and unrestricted phases is a false god, a devourer of things economic, a creator of monopoly. It is the cruel

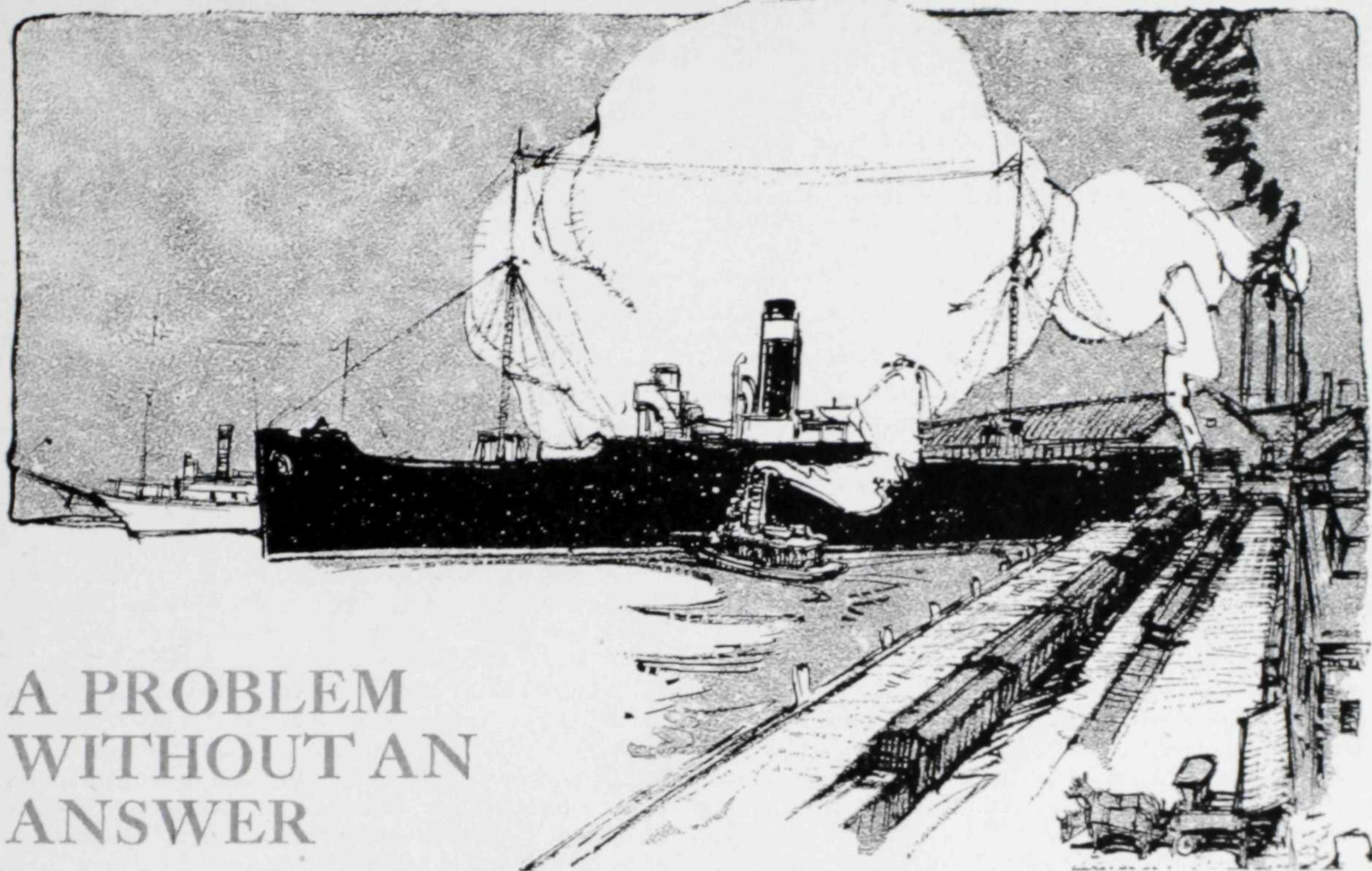
law of the survival of the strongest. In its pure form competition means that he shall take who has the power and he shall keep who can. The path of competition is spread with industrial and human wrecks. From it we reacted into combination, to the opposite extreme, out from the frying pan into the fire. Great combinations grew, often contrary to economic law and so visibly abusive of the rights of the business and the consuming world, that statutes completed the destruction which economics had in process. The combination left to its unrestricted self is as false in theory and bad in practice as cold competition was cruel.

Economic laws do not run backward. Competition cannot be restored by statute law when economic law has decreed its doom. Its good—and there was much good in it—will be retained; its evil will not come back to plague us. From combination, too, we shall extract the good, and the evil which we have rejected we shall not again take to our bosom. Both in their strengths and in their weaknesses point to another and a better thing. I call it cooperation. It is larger than competition. It is more unselfish than combination. It is safer than either. It involves the charging upon business of a public interest. It forbids that the producer shall be he who exacts from the consumer the utmost practicable farthing. It declares that a business transaction is and must be a mutual affair, and that producer, wholesaler, manufacturer, consumer are not and cannot permanently be at odds one with another but that a new thought has arisen which makes them in a sense partners with one another, working together, not in antagonism.

THERE seems to be an abandonment here and there of the old principle of grasp and gouge and a willingness that even those with whom we do business should be permitted to live and be required to let live. There has arisen a wholly new and voluntary spirit all over the land in which employers have recognized as never before the burdens of living imposed upon their employees and have assisted them to meet those burdens. There seems a new sense of the common public interest in and of business. More of us understand than of old that the man in the mill is of more value than the mill; that the man with whom we deal will be a better customer if we treat him as a man; that the

"We have muddled along. Only a peculiar mental alertness, a capacity for quick readjustments to new conditions, a fine individual initiative with any men and with some concerns, have carried us through. Now we stand at the opening of a new day. The forces with which we must compete are not the same. They have learned much. Let us hope we have forgotten much."

human factor in all forms of industrial and commercial life has a value and a power unknown before. Great corporations do that which 40 years ago would have seemed ridiculous when they insure at their own cost the lives of their thousands of employees. There is a sense in many minds that alters the phrase "the demands of labor" into the finer form "the equities of labor." So there is a growing thought of pulling together. We recognize that America must face the world with her great commercial and financial interests not having lost their individuality, indeed but yet no longer a congeries of unrelated parts, rather instead one whole, working for the common good.



A PROBLEM WITHOUT AN ANSWER

Lasting Industrial Peace Is Highly Improbable—but the Public Deserves Every Protection from Flying Bricks

By HARRY A. WHEELER, Vice-president of the Union Trust Company, Chicago

Decoration by H. DEVITT WELSH

THIS article by Mr. Wheeler is taken from material gathered by him as a basis for an address before the annual convention of the National Chamber of Commerce. The subject—one that is loaded with dynamite—is handled here with admirable courage. Mr. Wheeler makes it clear that the views he expresses are not to be taken as those of the National Chamber. He is merely giving to his associates the results of his own experience and study. In explaining this Mr. Wheeler says:

"I recognize how very important it is that any discussion of that relationship which exists between employer and employee should be guarded and careful, lest even the personal opinions might be taken to be the opinions of the Chamber, and so give reputation to the Chamber that it does not deserve and commit it to opinions that it does not hold.

"I started in to make a careful study of this question of industrial relations, and to write a very formal resume; and then it came to my mind that writing a formal address to the Chamber of Commerce of the United States was a good deal like trying to write a formal address to my wife.

"So I threw it away and started all over."—*Editor*

I DO not hope that everyone will agree with all the statements that follow. I am certain that the labor group will not approve, nevertheless as I may be able I shall hold up certain conditions with language as naked as I know, to speak not in defense of organized business or in condemnation of organized labor. It is an attempt to interpret by an honest analysis the reason why the great neutral public, touched neither by the indignities put upon business by certain groups of or-

ganized labor nor by a sympathy with labor in its sometimes real but often imaginary grievances, will not countenance any return to strong-arm methods, but will insist that the contest shall hereafter be carried on between the two camps, with full realization on both sides of the rights of the third and neutral party.

That which we call a problem is not at all a problem but a condition. If it were a problem we might hope by applying the science of law or economics to find a solution. It is a condition because it is a contest between two groups of human beings charged with responsibilities which conflict, surrounded by influences which develop opposite mental conditions and with points of view difficult to focus upon a point of common interest.

It is a meeting point of two living forces, the one having the purpose to hold, the other to get, a contest which began with the birth of the race and will continue to the millenium.

Julius Henry Cohen of New York in a recent article on the Revised Protocol in the Dress and Waist Industry said:

"There seems to be a rather current belief that there is presented to employers today a clear choice between peace and war. This is a fundamental error made by nearly all critics of the protocol.

"The fact is that as long as we live and for a longer period still we shall have conflict in industry. We shall not have peace. The real choice is not between peace and war but between con-

flict and conflict. Or put it another way, the question is, how shall inevitable conflict be met so as to conserve the best interests of all parties concerned?"

Since the differences which enter into our industrial relations are fundamentally human and since the conflict is destined to continue, it is logical that it will be carried on by both sides with increasingly efficient organized forces.

Business had led the way in teaching the advantages of organization as it has in every other development in our industrial and social life. The old time units of production and distribution which the individual owned and controlled united with other similar units in the partnership. These later took the form of corporation in order that there might be greater freedom from individual liability and less interruption of operations when changes in interests became necessary or desirable.

Corporations linked themselves together into combinations for economic advantage. Lines of business organized into local, national and trade groups. Business and professional interests of whole cities joined hands for the commercial and civic advantage of united action and finally all of these united in this organization under the auspices of the National Chamber of Commerce, yet no one will be bold enough to declare that from first to last any of these organizations had for their primary purpose or for their purpose at all the betterment of the other group to this discussion.

We all know that the multiplied forms of organization have not only been the result of necessity but have brought safety, efficiency and harmony out of danger and waste and senseless warfare.

What wonder that having the example furnished by organized business this other group should do likewise; the only wonder is that the organization of this group should not have been more rapid.

In 1910 of the estimated 27 million wage earners only 8% of the whole were members of labor organizations. Or if deductions are made of all occupations which do not readily lend themselves to organization, the per cent would be 18.4 of the potential possibilities.

In 1910 trade unions had 2,116,317 members. In 1914, 2,674,000 members, and to-day probably close to 3 million or ten per cent of all wage earners and more than 20% of the potential possibilities. The value of organization in the field of labor is as obvious to labor interests as in the group of organized business and as in the case of organized business the primary purpose is only to serve its own interests.

We are living in a day of organized forces, individualism has been relegated to the rear. We think and act through the group. Organization in the field of labor will move forward with rapidity in times like the present, and with slight loss in times of depression, but with the certainty that each decade will witness a marked increase in the number of vocations organized and with a larger per cent of each trade in the union ranks.

If the conflict must continue and if it is to be directed by organized force of increasing strength, then in the

interest of national safety these forces must come under some measure of control. While the law may be powerless to harmonize conflicting human relationships it can and must control the operations of known forces that, if allowed to continue without restraint, will trespass upon public rights and affect the public welfare.

All legislation tending to conserve, restrain and regulate is likely to be extreme if the causes leading up to the necessity for legislation are extreme.

Organized business has chafed under restraint but has nevertheless come to recognize the principle by which the government assumes to act in the public interest.

A new vision of responsibility has come with sober consideration and larger applied experience

and organized business whether it be the private corporation, the trade organization, or the Chamber of Commerce, is more nearly conducted upon lines of altruism and fair public consideration than at any time in its history.

Organized business has sown its wild oats and has been chastized by the legislative rod. If it shall henceforth hold itself in check against a return of its own shortcomings; if it shall honestly endeavor to live with contending forces rather than attempt ruthlessly to destroy them then it will become the basis of a new governmental program and of a new economic life.

Organized labor is passing through comparable stages. Its program is more simple than that of organized business and lends itself to greater unity of action. Its purpose is wholly selfish. To achieve its aim it gives no consideration to the effect of its acts—upon public convenience or public welfare. Its program is better wages, shorter hours, better working conditions. The program suits as well the laborers on the Pacific Coast as on the Atlantic and comprehends the desires alike of laborers in the lumber camps of the West, of the cotton mills of the South and the steel mills of the East. Its driving force is votes. Its goal exemption from interference by law or regulation with any act which may advance its program. Its purposes are gained by force or threat of force, and in the exercise of that force some of its units have sinned grievously against society and most of its units when in action have committed acts for which the law would severely punish the private individual.

ITS weapon—the strike—may not be denied it when the effect is only upon an employer or group of employers in the same business or upon a very limited portion of the public. But organized labor has not been content to halt its combination of units with the trade or community as shown by the railroad situation last summer and later in the traction strike in New York, both supported by frank expressions of approval from the American Federation. Its purpose is to extend the area of its activity to nation-wide limits if necessary and as surely as this policy is continued the public will rise and demand protection against such an abuse of power and such utter disregard of the rights of society.

Organized labor has not yet seen a vision of its re-

"We are dealing with human nature which we cannot change by force or law.

"There will not be, and we should not expect, a complete adjustment between capital and labor whereby cooperation will replace the periodical struggles for advantage.

"Conflict will persist because mental attitude and point of view cannot be adjusted to our present theory of cooperation."

sponsibilities to the public; it has not yet felt the weight of the legislative rod but it is destined to encounter both public and legislative correction for any persistent exhibition of arrogance, ignorance or brutality of which it may be guilty.

Until recently the force of organized labor has not come to the point of national action and therefore of national accountability, whereby a continuance of present exemptions in the face of a power to inflict national harm would constitute a monumental blunder. When organized forces, no matter how composed, become equal in the sphere of their activities, in their numerical strength and in their power to inflict injury, they must be controlled by the same laws and must share alike in the obligation to uphold the rights of all.

TO-DAY the principle of regulation and restraint is recognized and accepted by organized business and with the coming of the tendency to honestly and earnestly cooperate with the regulatory machinery of the government may slowly come public consent to modify the sweeping inhibitions of the law and permit larger co-operative action so long as a general welfare clause is consistently upheld and rigidly obeyed.

In organized labor action heretofore has been within the trade or community or limited geographical area but never nationally, hence the necessity for national regulation has not been imperative.

During 1916, however, organized labor laid bare its ultimate program.

FOUR of its units or divisions made common cause to tie up the nation's transportation and thus paralyze every industrial operation. Although this act would have adversely affected other divisions or units of organized labor protest was feeble and by common consent all units not immediately involved stood by to watch the struggle.

The result of this struggle graduated organized labor into a force capable of nation-wide action and therefore placed it beyond the right to claim exemption from restraint. It also proved the unwisdom of Section Six of the Clayton Law under which in the face of a national conspiracy to inflict irreparable harm upon an entire people, no legal restraints were found available.

The public interest as a third and new expressible interest in industrial disputes was born last summer and will hereafter demand its rightful voice in every national controversy. If the sanction, if the judgment of society, was for a shorter working day how much more real is that sanction in the course of compelling public inquiry before action be taken interrupting the public service.

Never do I reach this point in the consideration of this subject that my mind does not fly back to Walt Whitman's words in urging affection as a cure for social ills.

Were you looking to be held together by lawyers?

Or by an agreement on a paper?

Or by arms?

Nay, nor the world nor any living thing will so cohere.

And it is so in the field of our industrial relations; laws



Employers are cooperating with the government in making English-speaking Americans out of 3,000,000 immigrant workmen. This Detroit plant established an outdoor school where American employees acted as teachers for the aliens. In 1915 the federal Bureau of Naturalization launched a determined campaign to interest immigrants in the citizenship classes of the public schools. A thousand cities and communities now have such courses.

and agreements and arms may compel submission but will never win cooperation. And only as these two great economic forces of organized business and labor may come to accept the same measure of responsibility toward public welfare and to deal with each other not craftily but in a spirit of wholesome honesty and respect shall we approach the point where "inevitable conflict shall be met so as to conserve the best interests of all parties concerned."

LET me state again that I am here expressing personal, not Chamber opinions, and in such expression I wish to suggest two distinct steps forward, each based upon the fundamental principle that the law must curb or restrain any organized force that has demonstrated its power to inflict national injury.

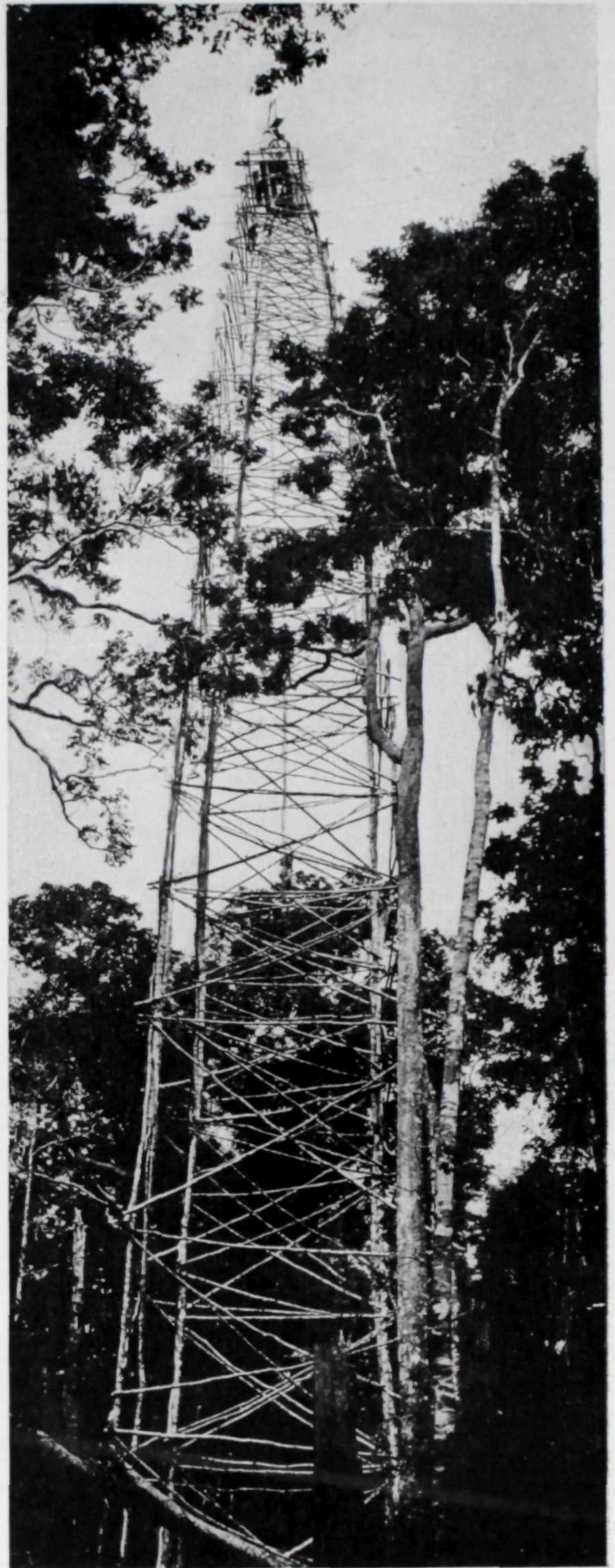
Not only will the public mind sanction compulsory inquiry before a concerted strike shall be called in the operating departments of interstate carriers by rail, but so intimately have the operations of these and other public service corporations come to affect the public interests and the public welfare that the employees of such corporations by the very act of taking employment, should thereby forego their right to concerted action that may interrupt that service until their case has been considered by an established court or other proper tribunal.

The second step that may well be considered has to do with concerted action by organized labor as affecting our industrial life, namely, that the law shall prohibit or restrain combinations of separate and unrelated units in a sympathetic strike, the affect of which shall be to create harm and loss to the country as a whole, or to any considerable part thereof.

The point that I want to make is that so long as the employees of a given plant choose to leave their employment because of dissatisfaction with their employer, or the terms of employment, that right, in all probability cannot and should not be denied them, so long as their single or concerted action shall limit itself to a single employer, to a trade, or within a limited community or area where the general public is not vitally affected. If, however, when a strike is impending, or even after it is declared, an effort should be made by contending forces to secure the cooperation of other unrelated forces in order that the demands shall be made more effective, that act in itself shall be an act of combination and conspiracy, and shall be contrary to the law until a public inquiry shall be instituted.

IT is here, to my mind, that we have a clear line of cleavage, where restraint under the law shall be for public welfare, yet not unjust to the man who works, and that cannot be justly construed by any worker as an exercise of law to the extent of sacrificing individual rights under the constitution of the United States.

In setting up this fundamental basis, it must be distinctly understood that the prohibition upon organized labor against a concerted strike shall apply with the fullest force and effect as against any concerted action of employers, whether public service corporations or industrial corporations, looking toward a lockout.



A Wilderness Eiffel Tower

erected in a Luzon jungle by officers of the Coast and Geodetic Survey as a landmark for their transits. Sixteen half-wild Filipinos directed by two Americans built this 208-foot structure in eight days using green timber cut on the ground.

Our Interest in Argentine's New Tax

ARGENTINA has had a new administration for several months—new in the sense that it succeeded a party long in power and at the same time wholly novel in modern politics because it had nothing to say in advance about its intentions. Since Argentina, in common with the rest of the world, has some real problems on hand, curiosity grew to great proportions in the two months that followed October 12, the date of the inaugural.

The silence ended on December 11, when a special session of the Argentine congress assembled. The new administration then announced part of its programme. It wants authority to issue a consolidated foreign loan of a quarter of a billion dollars. It desires an additional round sum out of which to establish a system of rural credits, acquire a national mercantile marine, and increase the production of petroleum from the field it controls. At the same time, it seeks to increase its revenues by levying a temporary tax of five per cent on exports, the proceeds to go toward building roads and helping small farmers.

The United States may have interest in several of these proposals. For instance, at least a part of the foreign loan is pretty certain to be placed here, and the export tax will fall upon a number of articles we buy, including hides, wool, and quebracho. With hides commandeered by belligerents in well-nigh all the rest of the world, Argentina has become our one greatest source of supply, furnishing them to a value of \$30,000,000 in 1916. It is the same way with wool. Since Australian wools have become hard to get, our woolen mills have steadily increased the quantities of Argentine wool they have used, trebling the quantity in two years, and pushing the total amount paid to Argentina for wools in 1916 close to \$40,000,000. Quebracho represents a value of seven million dollars, and goes almost exclusively to tanners, who to an extent can substitute oak and other extracts. These figures together go to indicate a pretty sure increase of \$4,000,000 in the cost of living for the United States on account of Argentina's export tax. Curiously enough, current rates of exchange between the United States and Argentina are unfavorable to us to a degree that, if maintained, will mean the addition of another \$4,000,000 to the price we pay for Argentina's goods.

TO CHECKMATE EUROPE'S WAR-BEGOTTEN EFFICIENCY

(Concluded from page 12)

carry even one-fourth. Think of the saving in space, labor and depreciation—how many millions a year? I shall not try to say or think of the even larger sum of invested capital released for active use elsewhere. Yet this is but a single phase of the problem our plan might attack.

I like to think of this plan in operation as a continuing business mechanism, day after day and year after year, digging out more accurate costs, setting up higher standards of performance, distributing more widely the methods that make the standards attainable. And not by the exceptional concerns alone but by the average ones. And more, I see in the operation of this plan a

continuing influence for associated business effort, without which this nation cannot hope to compete with those who, as Mr. Asquith says, have already learned the effectiveness that comes of putting the ideas and methods and resourcefulness of all into the common stock.

The American Farmer and the Mexican War

BINDER twine means something to a country with such a grain crop as we harvest. The development of our self-binder, and its use in the world's grain fields, has created a tremendous demand for twine. The United States alone needs over 250,000,000 pounds a year.

Manila hemp makes the best twine, but its use for rope puts its price out of reach for binder twine. Our farmers have to fall back upon the second-best fibre, henequen—the sisal of commerce—and look to Yucatan for its supply. Seven-eighths of the population of this isolated Mexican state occupy themselves with sisal, and nearly all of their crop of 180,000 tons comes through Progreso to the United States.

During the first years of Mexican turbulence Yucatan passed calmly, very much as if it did not belong in Mexico at all. But about two years ago sensational events began to follow one another in a dizzy succession, culminating with the Carranza government blockading Progreso and for a time threatening to let our grain rot in the fields. Later in 1915 the military governor of Yucatan arranged a scheme for a monopoly, financed with loans from an American corporation. On January 27, 1917, our Department of Justice stepped in and instituted action under the Sherman Act against representatives of this monopoly who operate in the United States, with offices in New York.

On the face of things, there never was a more efficient monopoly. Before it took form, the price of sisal at New York was around 5½ cents a pound allowing good remuneration to Yucatecan growers at 4 cents a pound and a cent for transportation. In two years, however, the price has advanced until, on January 25, 1917, it was 16½ cents.

Each increase of a cent a pound means \$2,000,000 to American farmers. Present prices will accordingly add something like \$25,000,000 to the cost of our grain crops next summer over their cost in 1915. Assuredly, this is the Mexican problem from an altogether new and unexpected angle.

Of course, as is the way with monopolies, the Yucatan commission for control of the sisal market has benevolent purposes, for somebody. The governor of the state, who organized the plan on its present basis and who is ex-officio chairman, refers to its "lofty ends" and its "redeeming mission." He seeks a "solidarity" which has "effectiveness and intensity." Not only American farmers but Canadian, Argentinian, British, and Russian agriculturists, to whom we shipped twelve million dollars worth of binder twine in 1916, are likely to agree that Yucatan's scheme has for the moment both effectiveness and real intensity.

Stronger seacoast defenses for Boston, the eastern end of Long Island Sound, Delaware Bay, Chesapeake Bay, San Francisco, and Puget Sound are to be promoted by Congress this month.

THE NATION'S BUSINESS

A MAGAZINE FOR BUSINESS MEN



Published by the Chamber of Commerce
of the United States of America,
Riggs Building, Washington, D. C.



NEW YORK Woolworth Building
BOSTON Tremont Building
CHICAGO Otis Building
SAN FRANCISCO . . . Merchants Exchange Building

MERLE THORPE Editor
ROBERT D. HEINL Associate Editor

Subscription Price, Two Dollars a Year,
Twenty Cents a Copy

THE NATION'S BUSINESS is the monthly publication of the Chamber of Commerce of the United States of America and, as such, carries authoritative notices and articles in regard to the activities of the Chamber, its Board of Directors and Committees. In all other respects it is a magazine for business men and the Chamber is not responsible for the contents of the articles or for the opinions to which expression is given.

WASHINGTON, FEBRUARY, 1917

A BIG WORLD, where even the scale of war surpasses imagination, demands big deeds. Cannon, aeroplanes, and battle cruisers run away with all preconceived notions. Steamships that in size, staunchness and dependability fairly realize the old fiction of admiralty lawyers, that a vessel is a floating piece of the land from which she sails, locomotives that are triple behemoths, and hydraulic presses that exert unbelievable power are parts of our daily life. All these things and many other giant fabrications which are so cunningly intricate as to bewilder the mind come forth from the huge industries we have created. Machines dominate the world. They have become so great that mastery of them, their use unerringly for human benefit, has become the problem of the day.

The solution lies in men, the human beings who tend the supreme machines and whose death beneath them sometimes seems so trivial beside the importance of the structures of steel that they are scarcely noticed. That human ingenuity in contriving new and even greater devices will fail is not admitted by any man of the race. But the men to serve—from where are they to come? That is the question.

England has been debating whether or not to import black labor from Africa into the United Kingdom, and is actually using it upon many a transport. For several years she has been quietly placing East Indians in the West Indies. India herself is drawing back her natives from the diamond and gold mines of South Africa. Chinese by the shipload have been going to France, where there are already at work in munitions factories 20,000 Mussulmans. Argentina is getting up great schemes to draw settlers who will work her agricultural lands. Japanese daily push farther into Asia, and one of Japan's steamship companies has contracted to carry 20,000 Japanese emi-

grants to South America within four years, actually beginning last Fall with 917 on one vessel. In some parts of the South cotton plantations are losing their negroes to the North. Every manager of a mine or a manufacturing plant feels the pinch of scarcity in labor. When war ends in Europe, the tasks of industrial reconstruction may dry the sources from which much labor has come in the past.

How far new tides in emigration have already been started only future developments can show. But after the European war has closed new racial currents are certain to set in, pretty much around the world. These shiftings and changes if they occur on a scale of any size will demand big deeds of statecraft and bigger deeds of industrial adjustment.



AUTOMOBILE HORNS have got many a chauffeur into trouble and now they have got their makers into difficulties with the most doughty traffic policeman in the country—the Sherman Act. Which will come off with the laurels, the national policeman or the horns, may remain in doubt for several years, but if there is strength in numbers the horns may prevail; for in 1915, the Department of Justice avers, 864,000 of them were manufactured.

Incidentally, the department makes some other averments that will bring comfort in quarters where feelings have been lacerated by propaganda for direct trading between producers and consumers. It states that "as in many other

per cent and 5 per cent for cash in ten days, pays commissions to the jobbers' salesmen on the horns they sell, and adds a "Christmas present" of 5 to 15 per cent when jobbers loyally stand by the exclusive-agency contract. These arrangements, in the opinion of the department, violate both the Sherman Act and the section of the Clayton Act about tying contracts.



THE RESERVE ACT will make its initial appearance before the Supreme Court on February 26. The question will be whether or not Congress exceeded its powers when it said that national banks, when state laws do not prevent, may exercise the fiduciary powers of trustee, executor, and the like. The supreme court of Michigan has said that Congress interfered in a state matter. This will be the question. Queries which will not come before the court, but which none the less come to mind in such a connection, include the possibility that Congress went beyond its powers in setting up a system of Farm Land Banks and their subsidiary farm-loan associations.



SOUTH AFRICA is a long way off, and ocean freight rates are an obstacle. There are other difficulties about trade, too; for mining men on the Rand consider it well nigh impossible to buy steel in the United States these days. Yet South Africa got 16 per cent of her imports from America in 1915. American machinery went into jam factories; twelve locomotives from American shops went upon the rails of the South African lines, and 50,000 pairs of second-hand American shoes came near to filling all needs of the Kaffirs for shoes for some time to come.



DEBTS may have their uses, in schemes of moderate finance and in providential arrangements for the discipline of some young man. Sometimes countries keep in debt for ulterior purposes, just as the federal government for years has had its bonds out that they might be used as a basis for national-bank notes. But when nations go to war they have to borrow, willy nilly, and do it on a grand scale.

The war debt of Europe, accumulated in two and a half years, points the way to some of the problems that will remain after peace has returned. A compilation, published on January 3 by the Federal Reserve Board goes to indicate that the European belligerents have now piled up war debts which in the aggregate reach pretty close to \$60,000,000,000. This sum represents borrowing, and does not stand for war expenditures which have reached a still higher figure, as they include not

THE NATION'S BUSINESS

As Reflected in the Month's News

Men Wanted!

Honk! Honk! The Horn's in Trouble

Haling the Reserve Act into Court

South Africa Flirts With Our Trade

Europe's Back-Breaking War Debt

lines of business, selling and distributing to jobbers is recognized to be the most profitable, the most dependable, the best method by which manufacturers of warning signal horns can market their products."

The department complains to the federal district court of New Jersey, however, because the manufacturer of fully half of the horns bind the jobbers with whom it deals to handle no other kind of horns. To make this condition effective the manufacturer gives a discount of 40

only the proceeds of loans but of internal taxation and the like. Before the war began the present European belligerents were in debt to the extent of \$30,000,000,000, and consequently now have total obligations around \$90,000,000,000.

To wipe out this debt one half of all the wealth of the people of the United States, in houses, lands, and all other earthly possessions, would about suffice. To pay the interest upon the part which originated in the present war to-day requires two and a half billions a year, or one-third of the expenditures for all purposes made by these countries in a year before the war.

These figures suggest some of the financial problems of peace, no matter how the terms of peace shift the burdens about.



FOREIGN EXCHANGE continues to play a decided part in international trade. An American who wants to make payments in Scandinavia, Holland, or Spain has to pay a premium—nearly 2 per cent for Dutch money, 3 per cent for Danish, and 11 per cent for Spanish. To get Argentine money he must pay something like 4 per cent by way of bonus. These premiums are in effect additions to the prices he pays for merchandise.

In this situation the enormous payments England has to make in other countries on account of herself and her allies has considerable influence. Very probably, English bankers and officials seek to have other countries make payments through London, since the greater the volume of international payments made through such a center the greater the amount that can be settled merely by putting one account against another and thus reducing the balance that must be liquidated in gold. It is the principle of a clearing house. Accordingly, if an American cares to make payment through London, he can get pounds sterling in New York at a discount of 2 per cent, use this money to buy Danish kronen in London at 3 per cent premium—these percentages are approximate—and pay his debt in Copenhagen at an ultimate loss of 1 per cent on the amount of money he laid down in New York. By the same procedure he can reduce his loss in making payments in Holland to 1½ per cent, and can cut down his loss on Spanish payments to 7 per cent. Things even work out, at least on paper, when it comes to Argentina. If an American about the middle of January wanted to cable pesos directly to Buenos Aires he had to pay a premium of 4.57 per cent. If he bought a cable of pounds sterling and then used it to buy in London a ninety-day draft on Buenos Aires, making allowance for interest at 6 per cent, he submitted to a charge of 3 per cent.

These figures are not taken from actual

transactions but are based merely upon quotations of exchange as published in New York and London. Nevertheless, they show in outline the world-wide influences of an international money center which has problems larger than it ever before faced.

England does not stop with dealing in exchange; it looks to the trade that creates exchange. Its efforts seek to diminish its own imports in every article that is not a necessity and to increase its exports of goods which will give it credits abroad. Thus, the British War office in distributing the wool of the empire which it has mobilized, and in allotting mobilized industrial labor, gives a preference to woolen mills which make goods for export over those catering to domestic trade. Accordingly, it is not strange that woolen cloth has recently constituted more than 10 per cent of the manufactured exports of the United Kingdom, and is being exported in value one-third greater than before the European war began.



PROFITEERING is under popular disapproval in England, and is under official ban as well, coming in for taxes that confiscate the greater part of current profits exceeding by a moderate amount the average rate in the years immediately preceding the European war. Other belligerents have generally followed suit, and apparently with handsome results; at any rate, the returns from this tax in England are reaching \$500,000,000 a year.

But war does not stay within the con-

THE NATION'S BUSINESS As Reflected in the Month's News

A Militant Foreign Exchange

Tax Man the Kill-Joy of Profiteering

Still Some Trusts to "Bust"

Frailties of American Packing

High Prices Now Have a Silver Lining

finances of the countries that openly avow it. Its evasiveness of international frontiers is almost equal to the instability of honey bees in the western state which not so long ago solemnly enacted that all bees were to stay on the farms of their proprietors. Neutral states found war-bred expenses on their hands, observed some of their citizens waxing prosperous on war business, and promptly taxed profits exceeding the ante bellum rate.

Now the United States is to do likewise, taking an extra share in profits that

are over a fixed per cent. This is not the first time our government has laid taxes in indirect consequence of the European war. The emergency levies of the autumn of 1914 were commonly known as "war taxes".



THE TRUST LAWS are not exactly in a state of innocuous desuetude. Quite the contrary. Every month the Department of Justice has pending investigations in thirty or more cases. Moreover, fifteen cases are before the Supreme Court. The anthracite cases have been argued, and the steel case will be heard February 26.



PACKING as a text for sermons to American business men fares pretty much the way of Sunday texts: It is taken to heart by the impeccable members of the congregation but makes no impression upon those who are in dire need of redemption from evil ways.

That the sinners among us should descend post-haste from their counting offices to their packing and shipping rooms the four corners of the earth still proclaim.

For instance, the superintendent of wharves at Auckland, New Zealand, bears witness after this fashion: Of all the cargo coming from overseas, Japan's is the best packed. The packing of Americans is the worst. After a very little handling American cases show their contents through the cracks. In marking goods Japanese excel, too. The Americans send cases with such diverse and multi-form marking that the storemen have to institute a minute inspection to find a readable label. When goods are sold c. i. f., and the buyer has to stand losses on account of breakage, poor packing is a sure way to alienate his affections.



SILVER has caught the spirit of the age and gone to high prices. It was even unkind enough to select the very moment when the United States had some nice new designs for silver pieces, and wanted to show them off. With the price around 75 cents an ounce the government decided it could not afford new silver and sent some of its accumulation of old silver to the melting pot. About doing this it had no great difficulty, having on hand not only \$470,000,000 in silver dollars against paper "silver certificates," but a matter of \$35,000,000 in other coin and bullion as well.

Just why silver has gone to prices unheard of since 1892 cannot be explained in any offhand fashion. As recently as 1915 it was around 52 cents, and that cannot be accounted for readily, either. The fact is, silver has long been the metal par excellence of the Orient. In its

market course the bazaars of the Far East and the counting houses of China have their influence, and for those multitudinous and ancient institutions no one has ever had the hardihood to suggest statistical departments.

Accordingly, when an expert undertakes to account for the career of silver in late months he in the same breath recites that European governments, having mobilized their gold for payments in international trade, have at the same time put out greatly increased amounts of silver coins for their home folk and recalls that the Chinese New Year and its attendant week of holiday is at hand and the bazaars of India have been taking profits in their favorite medium of speculation. He is then pretty likely to go on to lament decreases in world-production, because of well-known misfortunes that beset Mexican mines, overlooking the circumstance that world-production first exceeded 200,000,000 ounces in 1908, and has ever since remained above that mark.

Whatever the causes for high prices, the Chinese undoubtedly rejoice over the turn things have taken; the international value of their money has increased by fifty per cent within two years. For a nation of money changers with a keen eye for a chance, present prices mean tremendous intellectual enjoyment and not a little profit. As silver has mounted upward the abacus boards have rattled merrily, even though there is a fly in the ointment; for a deal of silver has been extracted from Chinese currency in recent troublous times. But there is enough left to give the abacus boards constant occupation.



NEUTRALITY, with war in Europe and a rumpus among our southern neighbors, costs something. For investigating plots hatching in the United States last year the Department of Justice spent \$110,000, having on its hands literally hundreds of cases into which it had to look. The European war has tremendously increased the work of the department, and led to indictment of 110 persons, who not only plotted but proceeded to overt acts within our borders. Sixty more persons were indicted in twelve months for their anti-American activities within the United States.

If our laws were a little more complete, the indictments would have mounted higher. It seems that any number of piratical gentlemen, with a penchant for fame and fortune by force of arms, can sit in our best hotels and get up lovely schemes for expeditions, provided they arrange to put their plans into effect by sailing, say, from Cuba and are not maladroit enough to ship cartridges from New York under the *nom de guerre* of candy-making machinery or phonograph records. When a man on American soil

inserts a bomb in the cargo of a vessel bound for Europe, the United States has to try to punish him as a pirate, as an offender against the law regarding transportation of explosives (for not putting a proper label on his infernal machine!) or as a conspirator to cast away a steamer, and properly enough is fearful that almost any criminal lawyer can clear him of such inappropriate charges. As things now stand, one may send through the mails with impunity threats to do injury to persons or property. This is pretty nearly as bad a state of affairs as the situation which makes it a criminal offense to beat a federal official but no crime at all under federal law to do a good job of it and kill him outright.

This state of the law the Attorney General is a second time asking Congress to remedy.



COPYRIGHTS share with patents in the distinction of being steady revenue-producers for the federal government. To be sure, war-risk insurance, too, has been showing handsome profits, but it is to be hoped that any need for war-risk insurance will speedily disappear, whereas copyrights may very well go on forever.

The net profit in copyrights last year was \$10,000 in good money and fully \$50,000 worth of books which went into the government's libraries. Besides, there were 33,000 pieces of music and a vast number of prints about the aesthetic and pecuniary values of which officials are extremely diffident. They finally de-

not being limited to one appearance but returning monthly or even weekly, carried off the palm for members, attaining to 52,900, quite their highest mark, and a good three thousand over the year before. Sitting beneath a hopper that dumps on it a good part of the tremendous product of the American printing press, the Copyright Office probably has a very distinct impression that we have given ourselves over to drama and motion-pictures and especially to periodicals.



FURS attain their greatest glory in Petrograd, New York, and Peking, in all of which capitals they are far enough south to be vanities and near enough to the north to be comforts. In the real north, where furs actually count as everyday necessities, the "Manchester Guardian" recalls, they are cheap and for the most part are used in unlovely ways. A seal skin scarcely shows forth its handsomest beauties when worn, fur side in, by a whaler. Even to-day an excellent sable skin will bring but \$3.00 in Kamchatka.

Of course, prices have risen with velocity. An ermine skin, which thirty years ago fetched one cent, now commands eighty. A lynx, that once brought \$2.50, sells for \$30. A fox skin, which attained its maturity under careful cultivation, has actually brought \$3,500.

Such prices and a great vogue for furs have brought the humble into great esteem. The despised muskrat now furnishes 7,000,000 skins a year and is the furrier's main standby, quite honestly getting its long hairs clipped and coming forth with Hudson seal as a stage name. The skunk has risen fifteen times in value—from 75 cents to \$10—and induced thrifty farmers to contemplate cultivating a "varmint" that used to be anathema.



CLEARING CHECKS through reserve banks and collecting them at par less actual cost of the process goes forward with increasing merriness, if not for country banks at least for the trade associations which see real benefit in this procedure. A committee of the American Bankers Association places the number of checks drawn annually on country banks at 723,000,000, on which the country bank took fees of \$20,000,000 before the Reserve Board's plan went into effect last June. The twelve reserve banks now handle upwards of \$125,000,000 of checks each day, and among themselves settle their accounts weekly against the fund of gold they have on deposit in Washington—some such tidy sum as \$200,000,000. In the month including the holiday season they had something like \$800,000,000 in obligations to settle among themselves and did so much of it on paper—which

THE NATION'S BUSINESS As Reflected in the Month's News

Neutrality Comes High, But We
Must Have It

There IS Money in Literature—For
Uncle Sam

For Sale, a Sable Fur for \$3.00—In
Kamchatka

Swapping I.O.U.'s Instead of Gold

cided, though, that about one-fifth the prints might be worth filing away in the Library of Congress.

Unless the statistics have gone wrong, we are spending a deal of energy as a people on the drama. In twelve months authors considered 3,600 of their plays worthy of copyright, and added 10,700 "photoplays". These figures loom pretty well beside the number of real books—the sort that are dignified as "volumes"—which for the twelve months was 20,600. But of course the periodicals,

even at present-day prices remains cheaper than gold—that changes in ownership of gold in the fund amounted to no more than \$27,000,000.

The reserve banks apparently look upon this gold settlement fund as an exalted sort of old stocking, left with the Reserve Board for safekeeping. At any rate, they have almost as much gold stowed away with the Reserve Board as in their own vaults, and when they foresee a need, as during the days in December when call loans in New York went upward to 10 and 15 per cent, they dip into their store at Washington.

In November the bankers in a referendum among themselves cast votes of which 32 per cent declared for a comprehensive clearing plan through the reserve system and 57 per cent against it.



The President of the United States will, on February 14, be formally announced as elected for the term beginning March 4. As a preliminary to the announcement the Senate and the House will meet at one o'clock in the chamber of the House. Taking the returns of the presidential electors of the states in their alphabetical order, the president of the Senate will open an envelope for each state, handing the contents state by state to tellers, who will read each result aloud and enter them in a list. As the vote of a state is read the President of the Senate will ask if there are any objections. To be received an objection has to be stated in writing and signed by at least one senator and one representative. When the electoral votes in all the states have been announced the President of the Senate will state the result. This statement is the formal proclamation of election.



WHEAT was not so long ago causing us concern and playing hob with our pocket-books, partly on account of the statistics. Some men of experience predicted that when farmers got to sweeping out dark corners of bins, and wheat began to come out of other places unknown to statistics, there might be a slight change in the story. These gentlemen have been justified before the farmers began to garner the last grains in their stocks, for Canada now discovers that her official statistics overlooked one-quarter of its crop, some such little store as 50,000,000 bushels. Pencil, paper, and figures now show a surplus in the world's supply at the beginning of our next harvest, July.

Prices are still high, for the world's supply of wheat is still far from what it might be. As for our own supply, a private estimate accounts for 60,000,000 bushels on the farms and a total of 371,000,000 in the country. On the

other side of the ledger this estimate considers that 267,000,000 bushels will be needed for consumption and 30,000,000 for seed, leaving 74,000,000 bushels for export and the "carry-over" into our next crop year.



OUR FINANCIAL POSITION at the end of 1916 is outlined by the Federal Reserve Board in its annual report of February 6. In the face of a balance of trade for the

THE NATION'S BUSINESS As Reflected in the Month's News

Late Election News

Our Wheat Shortage a Surplus

New Entries in Our Foreign Accounts

Industrial Fairs The Thing

Blue Sky No Longer An Asset

twelve months of \$3,089,000,000, the Board takes the position that the volume of our foreign trade should be regulated by the power of the American investor to take securities, either those held abroad or new foreign issues. Whenever the absorbing power of the investment market shows signs of exhaustion, the Board believes it would be better for the volume of our exports to be diminished, or for the balance of trade in our favor to be settled by imports of gold, rather than for our banks to extend their investments in securities. Such a course on the part of the banks, the Board indicates, would not be consistent with business prudence at a time when it thinks there is a necessity for the banks to maintain a particularly strong position—i. e., not to tie up assets unduly in investments with distant maturities.

In this connection the Board gives some figures. It finds that in June, 1914, all American banks held long-time securities to the extent of 124 per cent of their capital and surplus, and that two years later this percentage had increased to 150 per cent. Perhaps the percentage has in the last six months gone a little higher. At any rate, the Board seems to think that for no more of our exports should payment be made in securities sold to the banks on their own account.

Thus, two means are left open for foreign customers to pay us for the goods we ship abroad in excess of the part that is offset by the value of our imports. The first of these two means is sales of securities held abroad, or new foreign issues, to American investors. The achievements of our investors in two and a half

years are very considerable. Against an excess of exports of merchandise over imports aggregating \$4,800,000,000 in two years, we have taken \$4,250,000,000 in securities—\$2,250,000,000 of American stocks and bonds that had been owned abroad and \$2,000,000,000 of issues of foreign corporations and governments.

The second means of payment, shipment of gold to us, has brought into the country in two years some \$870,000,000 net. This figure, together with the securities we have bought from abroad, exceeds the trade balance that was to be settled. Regarding this excess the Reserve Board makes no suggestions. It probably represents a number of elements, including inaccuracies in the estimates about securities we have bought, together with some items new to us and of a kind that do not appear in our statistics of imports and exports. For example, we now receive interest upon foreign securities we hold, and 5 per cent on \$2,000,000,000 will amount to \$100,000,000 a year. Besides, our shipowners have not only been receiving large sums for carrying goods by sea but have sold foreign well over 100,000 tons of steamers, and our shipyards are constructing for foreign account a still larger tonnage—all involving heavy payments to the United States. Finally, we have been financing some trade between foreign countries. Thus, we find some brand new entries in our accounts with the rest of the world.



INDUSTRIAL FAIRS, at which the goods of a nation are displayed for the purpose of attracting new buyers, are in fashion. The second British Industries Fair will open in London on February 26 and continue to March 9. At the same time Glasgow will conduct a similar enterprise of its own. Twenty thousand invitations to the London fair have been sent by the British Board of Trade to firms outside of England, and 80,000 to resident buyers.



THE BLUE SKY is being withdrawn as a possible asset for corporations with fancy titles and even more fanciful certificates of stock. Some twenty-six states now undertake to regulate the kind of securities that may be offered to their citizens, and Kansas, the pioneer in this sort of legislation, asserts that only about one-third of the new companies that wanted to sell their stock to its farmers are sound enterprises.

The laws of three states were upheld by the Supreme Court on January 22, as regulations of business and having a purpose to protect the public against the imposition of unsubstantial schemes. The court said that the power of a state

to prevent frauds and impositions applies to securities as well as to material products.

As for material products, the court had already held that the states may legislate regarding trading stamps, ice-cream, cigarettes, and many other things.

Business reputation came in for some discussion, since under some of the laws state officials have to pass upon the standing of dealers. Business reputation has nothing recondite about it, and reputation and character are quite tangible attributes, according to the court's point of view.

The investment bankers have very naturally devoted much attention to the blue sky laws since the first one was enacted in 1911. Agreeing to the principles involved, they have sought to prevent hardship to legitimate interests. Eventually, in collaboration of state officials, they worked out a model statute providing, not for investigation before a security may be sold, but for an order by a state official to stop the sale of any stocks or bonds he found were not legitimate.

As for Kansas, it declares that when its law went into effect 5,000 salesmen of securities they did not wish scrutinized left the state and \$4,000,000 or \$5,000,000 a year was saved.

Farmers possess no monopoly upon a taste for schemes depending wholly upon rosy promises. The estates of some of our most astute financiers, when disclosed in detail through the operation of inheritance laws, frequently contain schedules of stocks and bonds valued at zero.



SEAMEN on steamers owned and operated by the Australian government are to fare well. They are not only to have \$55 a month, but are to follow a regular menu. On Tuesday, for example, they will have for breakfast porridge and milk, grilled steak and onions, stewed sausages, curry and rice or Irish stew; for dinner, soup, boiled mutton, corned beef, vegetables, potatoes, and sago custard; for tea, stewed breast of mutton or beefsteak pie, two cold meats, and potatoes. With the bill of fare go "tea, coffee, sugar, butter, pickles, sauce, jam, pepper, and salt, when required." These rations together with the wages should make the profession of able seamen rather alluring.



MORATORIA accompanied the war, in August, 1914. This device for postponing the due-date of payments was adopted even in England, whose bankers once upon a time pointed to the "barbarity" of two of our western states which, at a pinch, tried this expedient.

For the most part, the war-born moratoria of August, 1914, have now passed away. In France, however, the

original moratorium against certain bills of exchange and bank deposits has been periodically renewed, the last time to March 19, 1917. Two and a half years ago the debts affected by this French moratorium amounted to \$890,000,000—a sum which has gradually been reduced until it stood at \$269,000,000 in December, 1916.



GOVERNMENT OWNERSHIP of merchant vessels has come to pass in England, thereby contributing no mean acknow-

THE NATION'S BUSINESS As Reflected in the Month's News

No Wonder "Able-Bodied" Seaman!
France Renews Moratorium
Another War-time "Controller"
Eggs Improve With Age—In China

ledgment to the results of war in turning the world topsy-turvy.

This climax has been reached under the new ministry. In December the new prime minister foreshadowed in Parliament increased nationalization of England's merchant vessels, of which the government already was controlling at least three-quarters. He spoke of placing all merchant ships that fly the British flag in practically the same position as the railways. He referred also to arrangements for speedy construction of more merchant vessels.

News of achievements came early in January. Not only had a controller

of shipping been appointed—"controller" is the modern sobriquet for dictator—and an advisory committee created to suggest ways of accelerating merchant construction in British yards, but orders have been placed for construction of thirty-three merchant vessels on government account. These vessels are understood to be single-deck steamers capable of carrying about 8,000 tons of cargo apiece, and all built to the same plans and specifications. The very latest news is that England may construct 300 or 400 of these vessels, concentration its energies upon completing the vessels in record time.

When constructed—and apparently there are to be 50 in all—these "standardized" steamers will be operated by the British Admiralty during the remainder of the war. When they are of no further use to the government they will, according to guesses in London, be sold at auction for what they will bring.



EGGS may come at fifty or sixty cents a dozen in the United States but they often fetch only four cents a dozen in China. The Chinese variety at this price is "strictly fresh" too; for according to Chinese notions eggs are like wine—they improve with age. An egg which has survived for a hundred years is a tid-bit for a mandarin.

Chinese eggs, of the fresh cheap sort, have worked up a considerable trade with the United States. They arrive among us in thirty-pound cases of frozen yolks or whites, or in the form of dried yolk or dried whites. In 1916 the value of our imports of Chinese egg products considerably exceeded \$1,200,000, having grown several times over in the year.

The Moment In Congress

By Enlarging the President's Emergency Powers, Congress is Proposing to Place Private Industries at Government Command

GOVERNMENTAL control of industries essential for producing the materials of modern war is now accepted in Europe as a matter of course. How far similar control would go in the United States may at any moment come before Congress.

Of course, some legislative steps have already been taken in this direction.

MILITARY PREPAREDNESS Since last June, the President in times when war is imminent may through the head of any federal department place orders for any article the government may need and force the manufacturer to give it preference over all private business.

Moreover, existing law requires the railways, upon demand of the President,

to give preference and precedence to troops and war materials over all other traffic. Even in times of peace carriers must deliver government shipments as promptly as possible and regardless of embargoes. For the purpose of expediting military traffic the railroads have a special committee of their officers who co-operate with the government.

As for transportation by water, the Shipping Act of last September at present goes no further than upon proclamation of the President of a national emergency, such as was issued on February 5, to prevent any American vessel from being sold or chartered to any person who is not a citizen of the United States, unless the Shipping Board has given its approval. In this way something more than 350

steel steamers ranging between 1,000 and 20,000 gross tons are brought within the partial control of the government, including about 115 tankers which can carry fuel oil in bulk.

It is almost certain that additional legislation will be enacted within a few days. The exact provisions are beginning to take form. The House

FURTHER LEGISLATION of Representatives is considering a proposal that in times of national emer-

gency the President may not only require private plants to give precedence to orders for naval vessels and war materials, but in the event orders are not promptly executed may take over the plants and operate them. In time of war he could go further, forthwith requisitioning for government operation any plants he found necessary, and drafting the officers and employees of these plants to run them. Compensation, rental, etc., for private owners would be determined by the Court of Claims, or by the federal district court if the amount were under \$10,000.

Foreign countries have marshalled their merchant vessels for the supply of food and other necessities and

MERCHANT VESSELS for the support of war. Bills are pending in both House and Senate to allow

the United States to do likewise. According to these measures the President will have power, whenever he proclaims a national emergency, as he did on February 5, to take immediate possession of any vessel owned by a citizen of the United States. Action of this kind he might take "for any purpose for the common welfare." Moreover, the Shipping Board apparently is to extend its jurisdiction to shipbuilding yards, at least so far as inquiry and study go.

The railways, too, are to come under national control, if a bill reported to the House is enacted. In

RAILWAYS time of actual or threatened war, this bill provides, the President acting in the interest of public safety may take possession of railways, telegraphs, and telephones, drafting the officials and the employees of the private companies and compelling them to operate the properties under military law. Compensation to officers and employees would remain as before government operation began. Compensation and damages for the owners would be determined by the Interstate Commerce Commission.

If extraordinary expenditures become necessary beyond the estimates which have been before Congress since the first week of December they will in all likelihood be met with the proceeds of bonds.

Some of the legislation outlined above

as possible, may become law as riders on the bills making appropriations for the army and navy. In order that

THE LEGISLATION

Congress may at a moment's notice be ready to expedite this legislation, including authority for special issues of bonds, the regular appropriation bills and the other measures, such as the new revenue bill, already planned for this Congress, will now be passed as speedily as possible.

The new revenue bill is easily the foremost piece of general legislation actually

REVENUE BILL

before Congress at the moment, and outside of the regular appropriation bills it likewise has the best chances for enactment in the remaining days of the Congress.

According to the Treasurer's own statement, the federal government at the end of last June had a working balance of \$236,000,000. On February 1 it had but \$95,000,000, and it will probably lose still more before heavy payments of income tax come in, about June, perhaps then having around \$64,000,000.

But income tax at the new rates of last September and the other new taxes then imposed will not meet expenditures in the twelve months beginning next July—the period in view in the new revenue bill. All expenditures of the federal government in these twelve months will reach at least \$1,700,000,000.

After eliminating the expenditures for the postal service, which will roughly balance with postal receipts, the House Committee on Ways and Means foresees that disbursements of \$1,368,000,000 will have to be met, and believes it can count on \$230,000,000 from customs, \$703,000,000 from existing internal taxes, and enough from miscellaneous sources to leave \$366,000,000 to be provided for. Taking into account the present state of the treasury and the need for a working balance of \$100,000,000, the committee concludes that \$402,000,000 of new money must be raised before July 1, 1918.

To get this money the bill which has passed the House, and is now before the

THE NEW TAXES Senate Finance Committee, proposes a tax of \$226,000,000 on the net

profits of corporations and partnerships in excess of \$5,000 plus 8 per cent of their actual capital invested. It undertakes to raise \$22,000,000 more by increasing the tax on decedents' estates.

The amount raised by the new taxes proposed by the House will fall short of \$402,000,000. To make up this deficiency, bonds will be issued to the amount of \$195,000,000. These bonds together with the estimated proceeds of

new taxes will exceed by \$41,000,000 the sum needed, but this margin is meant to take care of errors in the estimates of results.

The bonds mentioned above, however, are not the only ones to be issued. There are to be bonds for the price of the Danish West Indies, an armor-plate plant, a nitrate plant, and for possible use by the Shipping Board—altogether, enough more to make the total prospective issue some \$303,000,000.

Moreover, that the Treasury may anticipate returns from the new taxes, \$300,000,000 in one-year certificates of indebtedness are made available.

Increased control of the gold supply of the United States, in keeping with the country's new position as a world power in financial affairs, was the chief object of amendments suggested to Congress in December by the

FEDERAL RESERVE ACT

Federal Reserve Board. The Board had in mind preparation to accomplish two results of opposite character—to control a large inflow of gold and prevent it from inflating domestic credits and at the same time to make it possible later to regulate the outflow of gold. On February 2 the House Committee on Banking and Currency reported favorably some changes in the law, but not all advocated by the Board.

The House Committee proposes to decrease the reserve required of banks in the Reserve System—from 18 to 12 per cent for banks in New York, Chicago, and St. Louis; from 15 to 10 per cent for banks in 52 other cities; and from 12 to 7 per cent for the rest of the banks of the country.

At the same time, all reserves that are required by law, as above, would have to be held in the Reserve Banks. Thus, the reserves which member banks would be required to keep with their Reserve Banks would be augmented by something like \$300,000,000. Under the law this operation would add this amount of gold to the holdings of the Reserve Banks. On February 2 the amount of gold already controlled by Reserve Banks and Reserve Agents was \$795,000,000. Accordingly, if the law is amended as is now proposed, over \$1,000,000,000 in gold will be brought within the control of the Reserve Banks.

Difference between the Board and the House Committee occurs in regard to the reserves members are to keep on hand. The Board suggested five per cent. The Committee requires none, leaving each bank to decide in its business discretion how much money it should have in its till.

The Committee has also failed to report the Board's recommendation that federal reserve notes be issuable against gold deposited with Reserve Agents to retire other notes.

International banking will be directly affected by one of the Committee's recommendations, for it proposes that Federal Reserve Banks, instead of acting on their own initiative, should be required to open accounts and establish branches abroad as directed by the Reserve Board.

The bill which has for its purpose express permission for Americans to co-operate in their export trade has just been reported from the Senate Committee on Interstate Commerce. It passed the House last September. Efforts will be made to have it considered by the Senate before the middle of February.

The Senate Committee has made some amendments. Apparently, they do not affect the substance of the bill but rather increase the safeguards against retroactive effects upon our domestic commerce. For instance, the authority given in the bill is conditioned expressly upon co-operative associations not restraining the export trade of their American competi-

tors and upon their not artificially, or intentionally and unduly, enhancing prices in the United States. If a cooperative association has any of these effects, the Federal Trade Commission is to advise it how to readjust its business to accord with the law, reporting to the Attorney General only if this advice is not followed.

Of other measures which have been pressed for passage before March 4, the Porto Rican bill, giving the island a better fundamental law than it now has is most likely to be enacted. Bills dealing with waterpowers are making little progress—one having been in conference since last summer and the other now having been displaced as the Senate's unfinished business.

As the Congress draws to a close efforts for legislation will increase. The Senate is already remaining in session as late as eleven o'clock at night. Toward March fourth, continuous sessions, day and night, may develop.

Coffin tells about getting our peace plants ready for war products as an insurance against disaster.

Immigration. Frank Trumbull reports the work of Uncle Sam in the laboratory of citizenship.

State Chambers of Commerce, by Homer L. Ferguson.

International Commercial Arbitration, by Owen D. Young. The United States and Argentina establish the first international arrangement to arbitrate trade differences.

Daylight Saving, by Robert Garland. Old Sol does the job better in Europe, so why not let him try his hand in the United States?

Merchant Marine, by William Harris Douglas, which reveals some truths about that shipping boom.

Industrial Relations, by Harry A. Wheeler. The problem treated by Mr. Wheeler is one that seems to have no answer.

Business Conditions, by Hon. William C. Redfield, Secretary of Commerce.

Education for Foreign Trade, by Wallace D. Simmons, tells of the education that Young America must have if he is to find his place in the commercial sun.

Business in Print, by Richard H. Waldo. Reading maketh the full man, and Mr. Waldo believes it should make him full of business lore.

Nationalism the New Note of Business

As Brought Out at Fifth Annual Meeting of National Chamber, Whose Work is Remarkable Survey of Industrial and Commercial Conditions

AT the dramatic moment when the United States was shocked out of its dreams of world peace and brought face to face with what seems to be almost the certainty of war, 1288 business men from every state in the Union were quietly deliberating in annual convention in the City of Washington.

"The United States Chamber of Commerce," says the *New York Times*, "fortunately in session at Washington, 'voicing the sentiment of business men of every state of the Union, pledged themselves solemnly to stand behind him (the President) in patriotic purpose, whatever the eventuality.'"

And the *Washington Post* says that "the insistent theme running through all papers and addresses" of the convention "was the unification of the nation's resources and the mobilizing of every one of its energies in the country's welfare."

Both of these observations recognize the new note in American business, the note of nationalism. Before the advent of the National Chamber, business thought and acted in small units. The change from that old order is almost startling. It is so complete that when the recent crisis in our international relations arose, there was one voice to speak for the business of the country, to tell where it stood. The formulation of national policies is its new ideal. To this end it has familiarized the individual with the meaning of such words as solidarity, cooperation, service, sacrifice.

THE work of the National Chamber through its committees during the last year constitutes a remarkable survey of industrial and commercial conditions in the United States. Important problems of commerce are treated by experts, and their work is in the highest degree constructive. When they find fault, it is only to point out the remedy. The conclusions which they have reached and which were the basis of the discussions at the annual meeting of the Chamber, are the seasoned judgment of

earnest men meeting in common counsel for the common good. Months, and in some cases a year or two years were devoted to gathering information from every quarter, in digesting it, and in arriving at just conclusions. No one man's opinions prevailed; preconceived notions and prejudices resting on incomplete or misleading information were rejected. Hence the results are confidently put forth as the basis of a national policy.

The Chamber, for instance, had turned its attention seriously to the question of national defense, and had entrusted the investigation to a group of men headed by Bascom Little, of Cleveland. These men went to the heart of the subject. But the story is best told in this issue by Mr. Little in his "If Alien Guns Should Thunder at Our Gates."

Setting out a formal program of speeches and discussions at a convention provides pretty dry reading except to the man of imagination. For instance, the prosaic announcement in the program, "Commerce-Chairman A. W. Shaw," plus imagination becomes "To Checkmate Europe's War-Begotten Efficiency," wherein Mr. Shaw, editor of *System*, shows the means by which American business can attain its full stature at home and oversea.

HERE are some of the things which the delegates to the convention had under consideration:

Vocational Education, by Howell Cheney, vocational education being a national problem and a peg on which to hang industrial efficiency.

Statistics and Standards, by A. W. Douglas.

Federal Trade Commission, by Harry A. Wheeler. The Commission, which is approaching its second birthday, wields its big stick to enforce justice in behalf of business men.

The Railroad Situation. Walker D. Hines asks who, then, shall run our railroads?

Industrial Preparedness. Howard E.

THE foreign trade of the United States came in for pretty full consideration. One of those who treated it was Dr. Leo S. Rowe, Secretary General of the International High Commission; entrusted with the work of bringing about greater unity of thought and action on the American Continent in matters relating to commercial methods, commercial law and financial arrangements. He said he had found among Latin-American merchants a deep feeling of irritation because they believed our manufacturers were taking advantage of the present abnormal situation to exact from them unusually high prices, and to impose onerous conditions with reference to financial arrangements. They long to resume their relations with European manufacturers, and if we are to turn a temporary advantage into one of permanency, we must build upon a foundation which will win the good will of South America.

"I feel that it is impossible to repeat too often the statement that bills of lading are absolutely essential if we are to expand and hold our export trade with South America and the rest of the world," said Charles S. Haight to the convention, telling of the ease with which frauds may be committed through bills of lading. Mr. Haight, in a recent issue of *THE NATION'S BUSINESS*, treated this subject in detail.

S. CRISTY MEAD explained the work of the Organization Service Bureau of the National Chamber, which also was the subject of an article in this magazine a short time ago. Mr. Mead pointed out that the varying experiences of unrelated commercial and trade organizations have produced a wealth of useful information as to methods of organization and activities of such bodies, which, if brought together in a common reservoir, might then intelligently be made available for all such organizations in perfecting themselves, and that the Bureau was engaged in the work of collecting and distributing such information.

Charles H. Sherrill advocated the establishment of American chambers of commerce in the great foreign markets, similar to the American chamber in Paris. He strongly deprecated "the long-continuing failure of our government, while negotiating commercial treaties, to seek and employ the

advice of our business men skilled in conducting foreign trade. Only such men know the protection which that trade needs in our treaties, and they have a right to be consulted concerning the terms of treaties, vitally affecting the conduct of their business abroad.

THE prevention of strikes and lockouts on interstate railroads is, in the opinion of Charles F. Weed, of immediate and vital importance because of the absolute necessity from the public viewpoint of having uninterrupted railroad service. "The Committee on Railroads," said Mr. Weed, "recognizes that as a matter of principle when a man enters the railroad service—a public service on which the health, safety and existence of the whole community depend—he by that act should surrender the right to join in concerted action to paralyze that service. It is in full accord with the President's statement 'that the operation of the railways of the country shall not be stopped or interrupted by the concerted action of organized bodies of men until a public investigation shall have been instituted which shall make the whole question at issue plain for the judgment of the opinion of the nation.'"

ROUND tables," or group luncheons, were a new departure this year, and proved so popular that many persons could not be accommodated. It is probable that they will be a feature of all annual meetings hereafter. They were inaugurated in order to provide better opportunity to study par-

ticular subjects presented by committees, and were presided over by the chairmen of the committees. The subject at one of these luncheon meetings was "Foreign Relations," presented for discussion by Charles H. Sherrill, former Minister to Argentina; another was "Immigration," presented by George A. Cullen in the absence of the chairman, Frank Trumbull, and a third was "State Chambers of Commerce," presented by Homer L. Ferguson, president of the Newport News Shipbuilding and Dry Dock Company.

THE officers elected for the coming year are:

President.—R. Goodwyn Rhett, Charleston, S. C.

Honorary Vice-Presidents.—Harry A. Wheeler, Chicago; John H. Fahey, Boston; A. B. Farquhar, York, Pa.; Charles Nagel, St. Louis.

Vice-Presidents.—Willis Booth, Los Angeles; Joseph H. Defrees, Chicago; Samuel McRoberts, New York City.

Chairman Executive Committee.—Joseph H. Defrees, Chicago.

Treasurer.—John Joy Edson, Washington.

The new directors elected are Harry A. Black, president Black Hardware Co., Galveston, Texas; J. E. Chilberg, Seattle, Wash.; Clarence H. Howard, president Commonwealth Steel Co., St. Louis; Frank H. Johnston, New Britain, Conn.; Lewis E. Pierson, chairman of the board of the Irving National Bank, New York City; and John L. Powell, president The Johnson & Larimer Dry Goods Co., Wichita, Kas.

a view to formulating the details of the plan, enlisting the interest of the President of the United States and making joint presentations to the proper committees of Congress; and that the President of the Chamber be authorized to incur such expenses as he may find necessary in connection with the steps authorized by this resolution.

SAVING THE SUNLIGHT

RESOLVED: That the Chamber of Commerce of the United States approves the report of the Committee on Daylight Saving and recommends that appropriate legislation be enacted by the Congress of the United States to move forward the clock one hour in each of the several time zones in the United States for not less than five months in each year.

TEMPER TAXATION WITH JUSTICE

RESOLVED, That the Chamber of Commerce of the United States of America reaffirms its devotion to the program of preparedness which it has approved by vote of its constituent members through Referendum No. 15 and through resolutions adopted in Annual Meeting and further pledges the support of this body to any just and reasonable measures of taxation which the Government may see fit to adopt under such a program. But while reaffirming its devotion to this policy, it feels compelled to protest against the inequitable and discriminatory methods of taxation proposed in the bill known as H. R. 20573 providing for a tax on excess profits of corporations and copartnerships.

And be it Further Resolved, that while fully recognizing the necessity of providing increased revenues to carry out wise and patriotic measures for the adequate defense of our country, we would respectfully suggest that any bill passed by Congress to accomplish these purposes should be along lines of fairness to all interests in the country so that every citizen should pay his just share of the tax.

BUSINESS SENSE DEMANDS A NATIONAL BUDGET

WHEREAS, National expenditures have grown to a point unprecedented in our history, exceeding \$1,600,000,000 in the current year; and **WHEREAS,** New taxation to produce hundreds of millions of dollars and issues of bonds in large amount have become necessary; now therefore be it

Resolved, That the Chamber of Commerce of the United States reaffirm the proposals for budgetary procedure as adopted by it in referendum with almost complete unanimity among the organizations in its membership—573 votes to 10;

Be it Further Resolved, that the present exigencies of national finance make it peculiarly necessary in the public interest that expenditure and revenue should be considered together and interrelated; and be it further

Resolved, that the President and the Congress be asked to take steps to inaugurate complete budgetary procedure such as is advocated by the National Chamber.

BEFORE THE HORSE GETS LOOSE

WHEREAS, Conditions in international trade will be extraordinary after the close of the European war; and

WHEREAS, It has now been definitely established by an investigation and report of the Federal Trade Commission that before the present war American exporters were placed at great disadvantage in foreign markets by reason of their belief that under our laws they could not cooperate in their export trade, whereas they met combined competition from manufacturers and exporters of other nations; and

WHEREAS, A bill giving expressed permission to Americans to cooperate for export trade on condition that restraints are not caused in domestic trade has passed the House of Representatives by an overwhelming majority and has been before the Senate Committee on Interstate Commerce for two months and more;

Now Therefore, Be It Resolved, That the National Chamber wishes to reiterate its early expressions concerning the great importance of such legislation to the welfare of American industry and trade;

And be it Further Resolved, that although the occupation of the Senate Committee on Interstate Commerce with proposals for other legislation of importance is thoroughly realized, the Senate committee on Interstate Commerce is asked to report the present bill, H. R. 17350, in order that the merits of this bill may be considered by the Senate and the question of its passage may be put to a vote before the present Congress ends and before American export trade is brought face to face with the conditions which will follow the close of the European War.

TO MEET THE THREAT OF WAR

WHEREAS, by due action of the Congress and the Senate of the United States, there has been provided legislation for the purpose of insuring military and naval defense for the National security and welfare, and

WHEREAS, Such appropriations have been made from the public moneys as are necessary to the practical consummation of these definite legislative plans for the National Defense, and

WHEREAS, this Chamber views with the greatest interests, the results which, under the necessities of the condition of modern war, are being achieved in foreign countries through a shattering of century-old

Where The Business Man Stands

His Voice Is Heard in These Resolutions on National Questions Passed by the Convention of The National Chamber of Commerce

WHEN "the tumult and shouting dies" what has been accomplished?

From nerve centers all over the nation, leaders and experts in our business world came to Washington to attend the convention of the National Chamber of Commerce. Naturally a man on the outside wants to know what hard, concise, definite results came from all the words that were uttered and all the conferences that were held.

The resolutions adopted by the convention answer this question. They are given below.

HOW MUCH FREIGHT ARE OUR WATERWAYS CARRYING

WHEREAS, the necessity or desirability of the improvement of our inland and coastal waterways should be determined largely by their present usefulness as carriers of commerce; and

WHEREAS, There does not exist at present any Government Agency with authority and power to collect, collate and disseminate information as to the value of traffic on such waters, the Board of United States Engineers and the local interests being obliged to depend upon voluntary information, which is always incomplete and frequently unreliable; and

WHEREAS, such data would afford information of the greatest value in considering proposals for the improvement of inland and coastal waterways, and in many cases prevent useless expenditures, where neither present value to commerce or probable usefulness when improved could be established; therefore

Resolved, That this Association earnestly urge upon the Congress of the United States the necessity for legislation providing for the Official Compilation of information concerning the movements of merchandise upon our inland and coastal waters.

STATISTICS TO MARK OUR PROGRESS AND MEASURE OUR NEEDS

WHEREAS, the approach of the 1920 decennial Census calls for the immediate formulation of plans for this, the largest single statistical investigation periodically carried out by the Government of the United States;

WHEREAS, the rapid development of the country and the great growth of our foreign trade, in the last

few years, have resulted in radical transformations in commerce and industry and have brought about a constantly increasing demand for statistical information:

WHEREAS, the rapid growth and increase in the number of government bureaus and commissions which conduct, or apply the results of, statistical and economic investigations has resulted in much duplication, overlapping, and crossing of the lines of work and fields of investigations covered by those government agencies and by the Census Office, respectively;

WHEREAS, there now exists no central agency through which these various statistical activities may be properly correlated; and the several departments and other governmental agencies concerned are seriously handicapped and the value of their investigations lessened by the absence of such correlation;

AND WHEREAS, it seems specially important that there shall be close and effective cooperation during the next few years, as to statistical matters, between the various government agencies and those in practical touch with labor, agricultural, commercial and industrial conditions:

Therefore, be it Resolved, by the Chamber of Commerce of the United States of America, at its annual meeting assembled at Washington on this second day of February, 1917, that the Congress of the United States be urged to create, for a period of not less than five years, a salaried commission, to be appointed by the President of the United States, and to consist of from three to five trained economists and statisticians, with a sufficient appropriation to enable it to employ an adequate staff of experts for the purpose of making a comprehensive survey of the federal statistical service, with a view to making recommendations to the President for such correlation of the statistical work of the various federal bureaus, divisions and commissions, and for such changes in the organization, personnel and scope of their work as it may find necessary in order to put such federal statistical service on a basis capable of meeting the urgent and growing requirements of the country, and the said commission is to be empowered to create an unsalaried advisory council to consist of representatives of the various government departments, bureaus and commissions interested in statistical work, and other persons having expert knowledge of statistical work or in practical touch with the statistical requirements of the country's labor, agricultural, commercial and industrial activities;

And be it Further Resolved, that the President of the Chamber of Commerce of the United States of America be, and hereby is, authorized to cooperate with other organizations interested in this matter with

precedents and the creation of new and closer relations of cooperative action between Governments, Governmental Departments and all lines of private industry and service, and

WHEREAS, this Chamber cannot but give the most serious attention to this trend of events in foreign countries and view with great concern the commercial as well as the Military and Naval assets of the future, and

WHEREAS, at the last annual meeting of the Chamber of Commerce of the United States certain specific recommendations bearing upon this subject were respectfully submitted to the President by this body, now, therefore, be it

Resolved, that this Chamber tender, to the President of the United States and to the legislative bodies, its deep appreciation of the progress which has been made during the past year in the consummation of vital plans for the adequate defense of this country against invasion, and be it further

Resolved, FIRST, that this Chamber, realizing the absolute necessity of a greatly increased and more practically effective cooperation between our Governmental Departments and civilian activities and capacities in every line respectfully urges the active and continuous prosecution of those plans already authorized by law for the attainment of these objects, *Resolved*, SECOND, that the Chamber urges the importance of the following steps:

(a) Development of a definite national plan by the Council of National Defense and action in conformity with this plan, by the Director of the Council.

(b) In order to obtain practical results, it is essential that the rank and standing of the Director be on an equality with that of the Chief of Staff of the Army and Chief of Operations of the Navy.

(c) Emphasize the desirability of continuity of service of the Director and personnel of his Staff.

(d) Provisions that the Council, in accordance with the responsibilities of the creating act, shall immediately develop the machinery through which to bring to the aid of the government the organized talent and active and potential energies of the Nation "For the creation of relations which will render possible, in time of need, the immediate concentration and utilization of the resources of the Nation."

(e) For the maintenance of the public interest and the insurance of the needed civilian cooperation, giving the widest possible publicity to the work and plans of the Council.

Resolved, THIRD, that the Chamber of Commerce of the United States reaffirms the principle, laid down by Referendum No. 15, that the basis of supply of government requirements in war and peace from private sources shall be at a rate of profit so low as to preclude a profit interest in war.

Resolved, FOURTH, that the Chamber pledge the unqualified support of the business interests represented within its membership to the Council of National Defense and to the active consummation of its plans.

Resolved, FIFTH, that the Chamber of Commerce of the United States reaffirms its hearty support of the principle of Universal Military Training as laid down in Proposal No. 7 of Referendum No. 15, and your Committee deigns to hope that the Nation generally will be brought to realize that no principle is more in accord with a Republican form of Government, no doctrine more truly democratic than that which asserts that every able-bodied male citizen owes military service to his country. "The origin of every right is in a duty fulfilled."

CHAMBER OPPOSES LITERACY TEST

Resolved, That the Chamber of Commerce of the United States, in Annual Session in Washington, January 31, February 1 and 2, 1917, place on record its opposition to the literacy test contained in the Immigration Bill which has just been vetoed by the President; its commendation of this action by the President and its hope that the Congress will see fit in the public interest to eliminate this feature from the measure.

THE STRANGE BULLDOGS BECOME ACQUAINTED

WHEREAS, the Chamber of Commerce of the United States is a Federation of Commercial associations, including trade associations, and

WHEREAS, it is the belief of this convention that the education of the commercial and industrial forces of the country is fostered and promoted by trade associations for the interchange of views and information upon the problems common to the business of the members of such association with the results of greater production, higher standards of efficiency and better business ethics and consequent benefit to the general public, and

WHEREAS, the increasing complexities of modern business require free and sympathetic relations between business and government which will result in common aims in the general public interest, and

WHEREAS, each such trade association is a reservoir of the problems and general information affecting the trade which it represents:

Now, Therefore, Be it *Resolved*, that the Chamber of Commerce of the United States in Fifth Annual convention assembled heartily commends the policy of the Federal Trade Commission as expressed by its action in freely conferring with business and assisting by constructive suggestion in guiding it along lines consistent with progress, existing law and the public welfare, thus inviting the confidence of business in the correct solution of its relation to government rather than the apprehension and suspicion which would necessarily result from a negative attitude coupled

In Order to Tell the Whole Story of the Nation's Business

CONTRARY to universal custom THE NATION'S BUSINESS did not call on advertisers to pay for its experimental stages.

During the four years of its life it has refused thousands of dollars worth of advertising, which was offered it unsolicited.

Instead it elected to spend more than \$100,000 in bringing itself up to a position where its advertising pages would be something more than paper and ink, where they would reflect the confidence and loyalty the other pages had earned. Some call it "responsive circulation."

Not from any holier-than-thou motives was this done. It was simply good business.

The Directors of the Chamber of Commerce of the United States, on February 1, authorized us to establish an advertising section. They feel that the magazine has gained that confidence and loyalty that will make its advertising pages worth-while.

NOR was this policy adopted for financial reasons primarily—another unusual feature of the magazine. It has long been felt that an authoritative and well-edited advertising section would round out the business news and comment of the magazine proper.

Not long ago a well known writer stated that when the future historian writes his account of the commerce and industry of this period he will go to high grade advertising pages for his information and inspiration.

May we take you into our confidence in regard to this forthcoming advertising section? Our ambition is not to carry "the greatest number of lines." Our ambition is that it shall be said that THE NATION'S BUSINESS carried the most authoritative advertising department of any magazine in the country. We want to be of service to the present as well as the future.

That is why, then, primarily, beginning with the March number, THE NATION'S BUSINESS will carry a select list of advertising accounts. They will be selected with the same editorial care that the matter appearing on other pages of the book is chosen—with an eye single towards making the advertising pages supplement the other pages.

In Order to Tell the Whole Story of the Nation's Business

with the attitude of prosecution, and the convention suggests that frequent and free contact between the Federal Trade Commission and such Trade associations as the common representatives of collective business sentiment and information will greatly facilitate the work of the commission and be of great benefit to business and the public generally;

And be it Further *Resolved*, that we heartily commend and urge the continuance of the commission's efforts to bring about universal recognition of uniform systems of cost accounting and education.

PLEDGES SUPPORT TO PRESIDENT

RESOLVED, That the Chamber of Commerce of the United States of America, in convention assembled, voicing the sentiment of the business men of every State in the Union, expresses to the President of the United States its profound appreciation of the gravity of the International Difficulties which now confront the Nation and solemnly pledges them to stand as one, behind him in patriotic purpose whatever the eventuality.—Adopted unanimously, Feb. 2, 1917.

IMPORTANT changes in the by-laws of the National Chamber of Commerce were adopted by the convention. Article XII was stricken out and the following amendment substituted:

INDIVIDUAL AND ASSOCIATE MEMBERSHIPS

SECTION 1. Persons, firms and corporations, members in good standing in any organization admitted to the Chamber shall be eligible for election by the Board of Directors as Individual or Associate Members.

SECTION 2. Individual Members shall pay annual dues of \$25 each, and Associate Members shall pay annual dues of at least \$100 each.

SECTION 3. Applications for all Individual and Associate memberships shall set forth the business or professional interests of the applicant, the name of the organization with which the applicant is affiliated and such additional information as the Board may require.

SECTION 4. All Individual and Associate Members shall be entitled to receive the regular publications of the Chamber and to avail themselves of the facilities of the National Headquarters, shall be eligible to membership on all standing or special committees, may attend all regular and special meetings of the Chamber, and, subject to the rules of such meetings, shall have the privileges of the floor, but they shall not be entitled to vote except as duly accredited delegates of Organization Members. All questions submitted by mail to Organization Members shall also be sent to each Individual and Associate Member with the request that he or it file an opinion thereon with the affiliated organization of which he or it shall be a member. In the case of firms any member of the firm duly designated shall have power and authority to represent it. In the case of a corporation any officer of the corporation duly designated by such corporation shall have the power to represent said corporation.

SECTION 5. Each Associate Member may designate one person in the service of such member for each \$25 of his or its subscription in excess of \$25 who shall be entitled to receive the publications of the Chamber and the benefit of the service and facilities it provides for Individual Members.

SECTION 6. The President shall report the number of Individual and Associate Members in good standing to each annual meeting. The delegates present may by a majority vote at any such meeting fix a limitation to be imposed upon each class, such limitation to remain until changed in like manner.

The following new article "Endowment Membership" was also adopted.

ARTICLE XIII

ENDOWMENT MEMBERSHIP

SECTION 1. Persons, firms or corporations who have contributed or shall contribute to the support of the Chamber, at one time or in installments, to the amount of \$500 or over, other than as annual dues of membership, shall be known as Endowment Members and classified as follows:

Class A: Contributors of \$3,000 or over.

Class B: Contributors of less than \$3,000 but not less than \$1,000.

Class C: Contributors of less than \$1,000 but not less than \$500.

SECTION 2. Contributions of Endowment Members hereafter made shall be placed in a fund of which only the income may be used for the current expenses of the Chamber. This fund, to be known as "The Endowment Fund," shall be invested and reinvested from time to time, at the discretion of the Board, which at any time may use it, or any part of it, for the acquisition of a home for the Chamber.

SECTION 3. Each Endowment Member heretofore or hereafter contributing as provided in Section 1, shall receive a certificate of membership showing the amount of his or its contribution. An Endowment Member shall not be entitled to vote except as the duly accredited delegate of an Organization Member.

SECTION 4. Contributions to the Endowment Fund other than as provided above and bequests may be accepted by the Board upon the affirmative vote of two-thirds of the members thereof.

Well, By This Time You Have Been

through this magazine of ours. (We use the possessive to mean that it belongs to you as well as to us.) In it our commercial follies have been hammered joyously by men with clear eyes,

GOOD RIGHT ARMS AND SPIKED CLUBS

and they have done so only to point the way to certain remedies. On the other hand, our many business virtues have been given their just credit.

THE NEXT NUMBER ON THE PROGRAM

That is, the March Number, will contain among other good things:

New Castles of Commerce in Old Spain: Their Tall Chimneys Bear Witness that the Erstwhile Languorous Land of the Don Has Accomplished an Industrial Revival of Which the Vast War Trade is a Climax. By H. T. CRAVEN.

Here is the Iliad of Pig Iron: Schwab Was in Short Dresses When Samuel Croxton Took off His Blue Uniform and Entered the Business Whose History for the Half-Century is Found in the Record of His Doings. By JAMES B. MORROW.

Putting our House in Order in the Levant: The American Chamber of Commerce in Constantinople Forecasts a Great Demand for Our Goods Among the Countries along the Medi-

terranean and the Black Sea. By G. BIE RAVNDAL.

Now, on the Other Hand: Maybe the American Who Has Been Getting a Morsel of Foreign Trade Will Not Have to Call in His Men When Hans and Hippolyte Come Marching Home Again. By PETER APFLEBOOM and J. WAINWRIGHT EVANS.

Housing 397 Acres of Industries on 200 Acres of Ground: Old Man Science is the Magician Called in by This American City to Build its New Factory Center. By DOUGLAS FISKE.

Stand Clear! Missouri Bestirs Herself: Men with Vision and Wealth Combine Both in a

Titanic Plan to Better the Life and Bank Roll of Every Citizen of Their State. By OMAR HITE.

Men You Know—And Don't: Mr. Morrow Resumes His Delightful Series, This Time Drawing a Vivid Picture of the Four Railroad Brotherhood Chiefs.

Concerning Rice: The Fifth of This Series by Mr. Binkley Which Has Attracted Universal Attention.

Behind The Buckwheat Front: Child's, the Best Known Restaurant Name in the World, Yet Few Have Heard of the Genius Who Conceived and is Constantly Extending this System. By CHARLES PHELPS CUSHING.

Now, If You Believe There Is

a place on library tables for a muckless magazine that is giving the reading public a truer understanding of our American business ideals; if you want tales of trade that rival the Thousand and One Nights—*then you might find some use for the blank that has been inserted in this number for your convenience.*

DO YOUR BIT:

Help to Spread the Gospel of American Commerce and Industry

THE NATION'S BUSINESS

RIGGS BUILDING, WASHINGTON, D. C.

NEW YORK
Woolworth Building

BOSTON
Tremont Building

CHICAGO
Otis Building

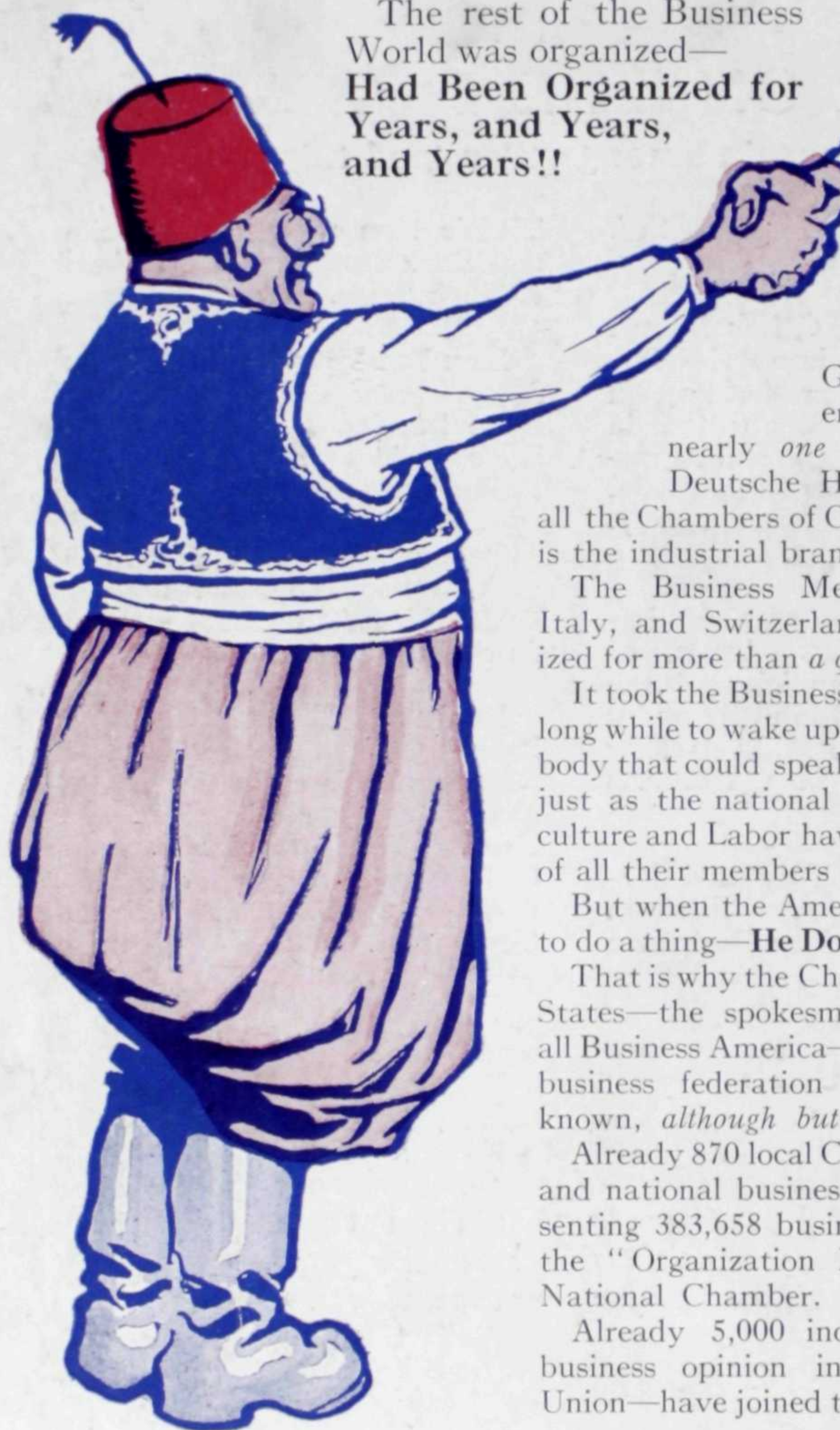
SAN FRANCISCO
Merchants Exchange Building

Until Four Years Ago

Turkey and the United States

were the only representative countries of the world without business federations.

The rest of the Business World was organized—
Had Been Organized for Years, and Years, and Years!!



The Business Men of Germany have been federated nationally for nearly *one hundred years*. The Deutsche Handelstag, a union of all the Chambers of Commerce in Germany, is the industrial branch of the Imperial Government. The Business Men of Great Britain, Austria, Italy, and Switzerland have been nationally organized for more than *a quarter of a century*.

It took the Business Man of the United States a long, long while to wake up to the need of a national business body that could speak for the whole nation's business, just as the national organizations representing Agriculture and Labor have been speaking for the interests of all their members for years and years.

But when the American Business Man once decides to do a thing—**He Does It, and Does It Thoroughly.**

That is why the Chamber of Commerce of the United States—the spokesman at Washington of all Business America—is to-day the greatest business federation the world has ever known, *although but four years old*.

Already 870 local Chambers of Commerce and national business organizations, representing 383,658 business men, have joined the "Organization Membership" of the National Chamber.

Already 5,000 individuals—leaders of business opinion in every state in the Union—have joined the National Chamber.

What Are You Doing to Bring to the Attention of Your Fellow Business Man the meaning of the phrase on the Front Cover of this Magazine—

American Business---A New World Power